To our *fellow* shareholders,

CERES GLOBAL AG CORP.

2011 ANNUAL REPORT

Ceres Global Ag Corp

Ceres Global Ag Corp. ("Ceres") owns 100% of Riverland Ag Corp. ("Riverland Ag"), and has significant capital available to invest in the growth of this and related businesses. Riverland Ag is an agricultural grain storage and supply chain business operating 14 grain storage facilities in Minnesota, North Dakota, Wyoming, New York and Ontario. Ceres common shares trade on the Toronto Stock Exchange under the symbol "CRP".

Why Invest in Ceres?

- *Pure play on critical agricultural infrastructure*
- *Scalable business*
- *Significant player in specialized grains*
- *Strategically located assets on rail and water*
- *Significant "qualified for delivery" space*
- *High replacement cost barrier to entry*
- *Experienced and committed management team*

Ceres is pleased to report the transformational purchase of Riverland Ag, providing a solid foundation and significant opportunities for investment and growth in the agricultural industry over the years ahead.

Profit grows by the bushel.

"The purchase of Riverland Ag in 2010 substantially transitioned Ceres from being an investment company to being an operating company."

Gary Selke
Chairman & CEO

"Riverland Ag has a customer-focused business strategy, a strong and growing network of strategically located grain elevators, and a highly experienced management team."

Michael Detlefsen
President

The cover of this Annual Report reads: "*To our fellow shareholders…*". Your management team owns 21% of Ceres' outstanding the shares. We are committed to creating shareholder value by investing wisely in high-growth businesses, and by working closely with operating management teams to capitalize on opportunities in the agricultural industry.

Ceres was established in late 2007 through an initial public offering on the Toronto Stock Exchange. Ceres' mandate was to invest in well-positioned businesses that would benefit from unprecedented economic and structural changes affecting the agricultural industry. Ceres would initially invest in a broad portfolio of businesses, and would concentrate its investments over time into one or more controlled operating businesses. With the purchase of 100% of Riverland Ag, in 2010, for $70 million, Ceres transitioned from being an investment company to being an operating company.

Riverland Ag is an agricultural grain storage and supply chain business. It has a customer-focused strategy, a strong and growing network of strategically located grain elevators, and a highly experienced management team. Since completion of the purchase, we have worked closely with Riverland Ag's management team to improve operating and reporting systems, enhance risk management practices, identify and pursue strategic priorities and initiatives, and complete several capital investment projects. To fund future strategic investment opportunities, Riverland Ag's bank lines have been increased and remaining portfolio investments within Ceres have largely been converted to cash.

Ceres has a few small minority investments in a number of private companies. These will all eventually be liquidated, other than a recent investment in a short-line railroad in Saskatchewan. In conjunction with our partners we intend to originate grain volume for the railroad to augment its current volume.

Ceres will continue to look for investment opportunities in businesses that will benefit from the supply and demand dynamics at play in the agricultural industry. We are actively pursuing a large number of exciting capital projects at Riverland Ag as well as related business acquisition opportunities.

Supply and demand.

Increasing global demand for agricultural commodities, farmland, water and energy over the last several years has led to a general upturn in prices and profitability at many points within the agricultural sector. Additionally, structural changes in the use of crops for biofuels and other industrial applications, and continued pressure for greenhouse gas emission reductions, have exerted upward influence on the demand for agricultural products. Compounding these demand trends, global population growth, a shift in diets toward proteins, declining arable land acreage and stagnant crop yields are constraining supply growth. All of these trends are expected to continue for the foreseeable future. Ceres will benefit from these economic and structural trends through its investment in Riverland Ag and selected other business.

In Closing

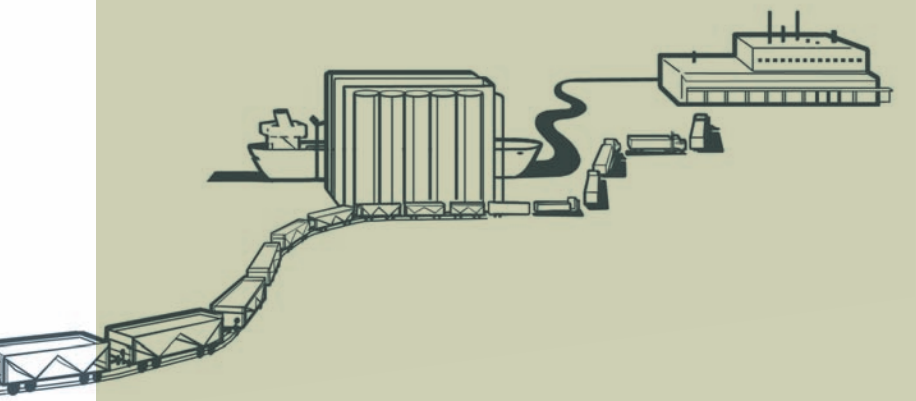
We are fortunate to have an experienced and dedicated Board of Directors. The Board has taken an active role in ensuring Ceres discharges its responsibilities to all of its stakeholders. Management would like to thank the Directors for the active participation and guidance.

Finally, we would like to thank our fellow shareholders for their continued support. The future of your company is filled with opportunity.

"To fund future strategic investment opportunities, Riverland Ag's bank lines have been increased and remaining portfolio investments within Ceres will be converted to cash."

Jason Gould
CFO

There are a myriad of business opportunities between the farm, where goods are originated and the market, where they are consumed. At Ceres, we are focused on investing in infrastructure assets at critical points in the agricultural value chain, such as grain elevators, key logistics links and selective further-processing operations.



"We are pursuing a large number of exciting capital projects at Riverland Ag and other business acquisition opportunities."

Tom Muir
CTO

Elevated Returns:
Riverland Ag

Riverland Ag is an agricultural grain storage and supply chain management business that was started in 2006. It has purchased and operates 14 grain storage facilities, located in Minnesota, North Dakota, Wyoming, New York and Ontario, having aggregate storage capacity of approximately 50 million bushels. The largest facility is a 12-million bushel elevator located in the port of Duluth, Minnesota on Lake Superior.

Riverland Ag is focused on cereal grain storage, customer-specific procurement (including contract growing) and "process-ready" cleaning of specialty grains such as oats, barley, rye and durum wheat. These are critical ingredients for Riverland Ag's branded food and beverage customers. These ingredients must produce consistent and predictable performance when processed, and supply disruptions can be devastating. Riverland Ag offers a comprehensive range of services to its customers to help manage the risks associated with the price, quality, and availability of these critical food grains.

The grain trade is undergoing rapid change. Increased demand for corn and soy, driven by the ethanol industry and emerging markets, is shifting farmers' allocation of North American acreage to corn and soy, and away from cereal grains. Oat and barley acreage has been declining steadily over the last few decades, particularly in the U.S. Great Lakes shipping capacity has declined, and rail transportation has shifted toward larger trains for bulk shipments. Ingredient grain volumes are often sub-optimal relative to available shipping options. Food and beverage companies are

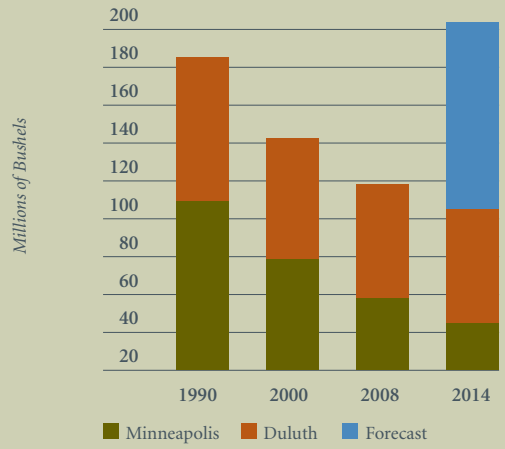
Don Grambsch
President & CEO

Mark Kucala
CFO

Service Offerings

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

Evolution of Terminal Storage in Minneapolis and Duluth 1990 – 2008



demanding better technical performance from grain inputs in order to be able to lower costs and make nutritional claims. Grain storage capacity has declined significantly, against an increasing need for storage, while storage replacement costs have risen sharply. Finance, legal and regulatory requirements (such as for traceability) are also adding increasing complexity to 'traditional' grain trading practices.

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

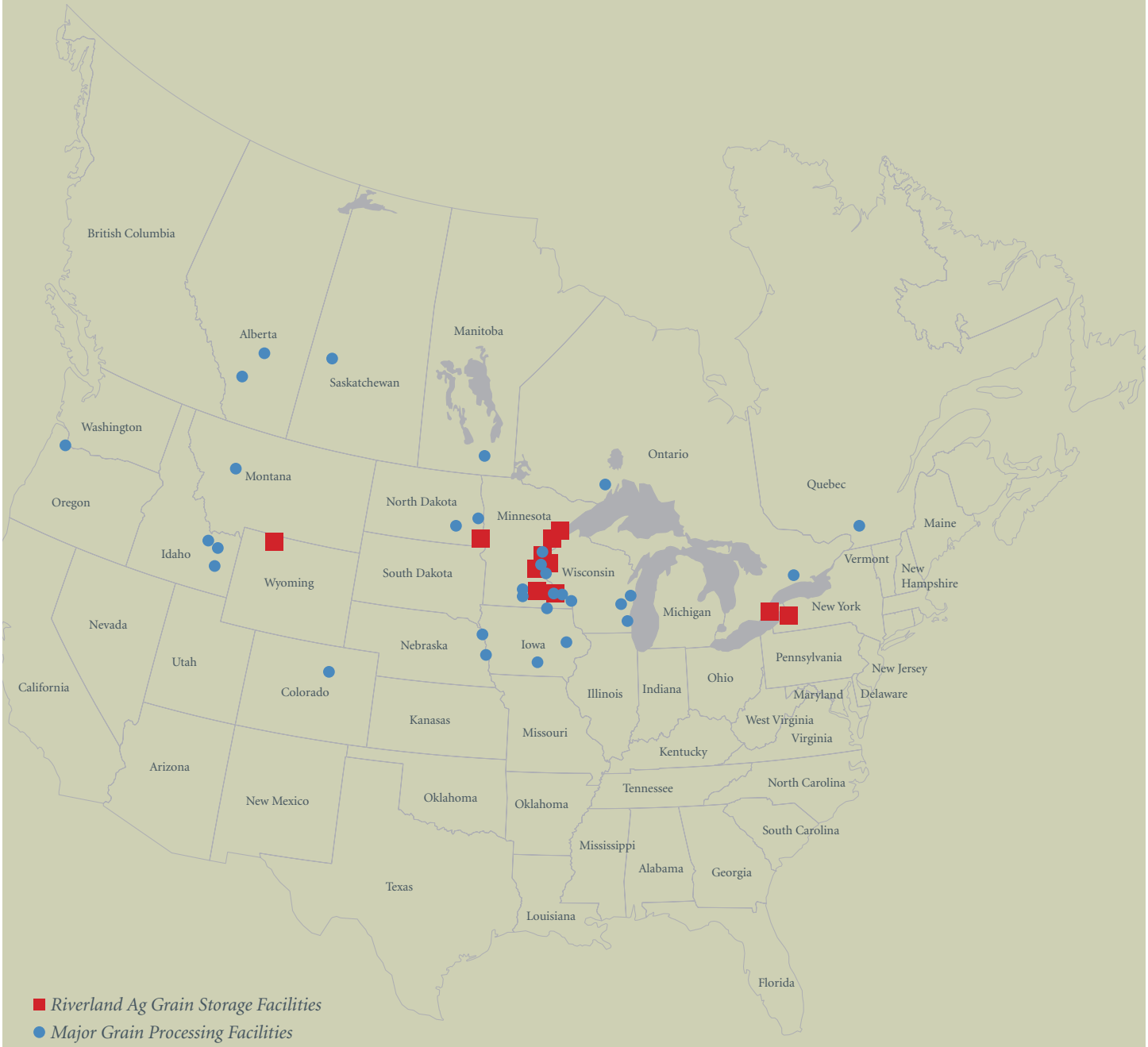
Several of Riverland Ag's facilities are qualified as 'regular for delivery' locations for certain futures contracts on the Minneapolis and Chicago exchanges, allowing the company to earn carrying charges against grain stored for delivery to the exchanges by matching deliverable cash inventories with futures contracts. The company is also actively involved in applied research relative to certain grain seed varieties to improve yields and better meet the stringent quality requirements of key customers.

Since the purchase of Riverland Ag by Ceres in June 2010, the company has completed a major capital expansion project and purchased two facilities. We are working closely with Ceres on a large number of additional brownfield capital projects and acquisition opportunities.

Several of our facilities are qualified as 'regular for delivery' for certain futures contracts on the Minneapolis and Chicago exchanges.

On the Map.

Riverland Ag Grain Storage Facilities relative to North American Grain Processing Facilities



With 12 million bushels of grain storage in two elevators, Riverland Ag's Duluth, MN facility can handle 110 car trains, trucks and up to two lake or ocean freighters at a time (one on the left and one on the right). Grain is moved through the system of covered conveyers. This facility is one of the largest and most efficient facilities on the Great Lakes.


Shakopee, MN

Minneapolis, MN

Grain storage capacity has declined significantly in North America, against an increasing need for storage, while storage replacement cost has risen sharply.

Riverland Ag's facilities are strategically located with excellent rail, truck and ship transportation logistics and close proximity to major grain processing facilities.


Duluth, MN


Ralston, WY

Storage Capacity *(bushels)*

Elevator Name	Location	Capacity
Riverland Ralston	Ralston, WY	2,600,000
WB Duluth Storage	Duluth, MN	12,200,000
Duluth Lakeport Storage	Duluth, MN	4,200,000
Riverport Savage	Savage, MN	9,300,000
Malt-One Terminal	Minneapolis, MN	2,300,000
Calumet Elevator	Minneapolis, MN	1,300,000
Electric Steel	Minneapolis, MN	4,600,000
River Terminal	Shakopee, MN	3,400,000
Wahpeton Grain Terminal	Wahpeton, ND	1,300,000
Bruns Elevator	Iona, MN	1,400,000
Buffalo Lakeport	Buffalo, NY	4,800,000
Port Colborne	Port Colborne, ON	2,300,000
Total		**49,700,000**


Minneapolis, MN


Savage, MN

MD&A

Management's Discussion and Analysis

For the Year Ended March 31, 2011

Management's Discussion and Analysis

FORWARD-LOOKING INFORMATION

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

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

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

CAUTIONARY STATEMENT AS TO NON-GAAP FINANCIAL MEASURES

The Corporation has provided certain non-GAAP measures as supplementary information that Management believes would be useful to investors to explain its results from operations. These non-GAAP measures include EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) and EBIT (Earnings before Interest and Taxes).

The Corporation calculates EBITDA to also exclude the effect of its share of the net income or loss from companies subject to significant influence. Therefore, in the calculation of EBITDA, the amount of the share of net income is deducted and the amount of the share of net loss is added, as applicable.

EBITDA and EBIT are financial measures used by many investors to compare companies based on operating results, asset value and the ability to incur and service debt. These measures are used as the Corporation's net income alone, or that of the Riverland Ag business, do not necessarily reflect the cash-generating potential of Ceres or of Riverland Ag on a consolidated basis. Management believes these measures are useful in evaluating performance and in making a decision as to whether to invest in the Corporation. However, EBITDA and EBIT are not recognized earnings measures under GAAP and do not have a standardized meaning as prescribed by GAAP. These measures are not intended to represent cash flows or results of operations in accordance with GAAP. Therefore, these measures may not be comparable to similar measures presented by other issuers. Investors are cautioned that EBITDA and EBIT should not be construed as an alternative to net income or loss determined in accordance with GAAP as an indicator of the Corporation's or a segment's performance or cash flows from operating, investing or financing activities and financing activities of liquidity and cash flows.

OVERVIEW

This section of the annual report presents management's discussion and analysis of the consolidated financial position of Ceres, the consolidated results of its operations, liquidity and capital resources, business risks and future outlook. This section refers to Ceres' annual consolidated financial statements for the year ended March 31, 2011, which are presented on Schedule A attached to this annual report. The information in this section should be read in conjunction with these audited annual consolidated financial statements and the audited financial statements for the year ended March 31, 2010.

This MD&A has been prepared as of June 24, 2011. Unless otherwise indicated, dollar amounts are reported in Canadian dollars ("CAD").

SELECTED ANNUAL INFORMATION

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

	2011	2010	2009
Total revenues	**$ 147,721,437**	$ 3,170,799	$ 2,540,541
Net income (loss)	**$ 24,555,702**	$ 31,751,625	$ (42,978,806)
Basic and diluted earnings (loss) per share	**$ 1.66**	$ 2.50	$ (3.33)
Total assets	**$ 310,869,791**	$ 157,272,050	$ 115,052,321
Total long-term financial liabilities	**$ 26,702,647**	$ –	$ –
Cash dividends declared per share	**$ –**	$ –	$ –

During the years ended March 31, 2009 and 2010, the Corporation operated as an investment company and net income included realized and unrealized gains (losses) on the portfolio investments. As previously stated, during the year ended March 31, 2011, the Corporation, following the acquisition of Riverland Ag, transitioned to an operating company in the grain industry.

RESULTS OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2011

Revenues

For the post-acquisition period, Riverland Ag reported net income of $6,736,666 on revenues of $147,258,357. For the year ended March 31, 2011, Ceres earned investment revenues totalling $463,080 on its non-Riverland Ag assets (year ended March 31, 2010: investment revenues totalled $3,170,799). Since Riverland Ag was acquired, revenues and net income have met management's expectation.

The decrease in Ceres' investment revenues during the year ended March 31, 2011, reflects the divestiture of a significant number of portfolio investments to fund the acquisition of Riverland Ag on June 11, 2010, to fund future growth in Riverland Ag and to fund potential investments in agricultural industry-related businesses.

Expenses

For the years ended March 31, 2011 and 2010, operating expenses are summarized as follows:

	2011	2010
Amortization of property, plant and equipment	**$ 1,731,613**	$ –
General and administrative	**4,433,436**	970,753
Interest on short-debt debt	**3,264,189**	186,843
Interest on long-term debt	**1,308,152**	–
Management fees	**3,195,728**	2,416,235
Portfolio and corporate transaction costs	**2,392,042**	1,805,429
	$ 16,325,160	$ 5,379,260

For the year ended March 31, 2011, portfolio and corporate transaction costs includes costs totalling $1,153,000 (year ended March 31, 2010: $1,010,000) concerning the acquisition of Riverland Ag on June 11, 2010 and other corporate transactions, such as the equity investment in Stewart Southern Railway Inc. Corporate transaction costs of $828,479 charged to operations of Riverland Ag for the post-acquisition period include lenders' fees, professional fees and other costs directly related to new or revised financing arrangements for short-term and long-term debt. General and administrative expenses and interest expenses have increased due to the acquisition of Riverland Ag. The increase in management fees reflects the increase in the net asset value of Ceres on which the management fee is based.

Realized and unrealized gains and losses

For the years ended March 31, 2011 and 2010, realized and unrealized gains and losses are attributable as follows:

	2011	2010
Realized gain on sale of property, plant and equipment	**$ 471,488**	$ –
Realized gain on sale of investments	**$ 1,613,595**	$ 10,419,595
Realized gain (loss) on currency hedging transactions	**$ (123,724)**	$ 7,928,964
Realized and unrealized loss on foreign exchange	**$ (497,721)**	$ (1,658,113)
Change in unrealized (depreciation) appreciation of investments	**$ (403,144)**	$ 17,269,640
Gain on acquisition of subsidiaries	**$ 22,367,333**	$ –

The gain on acquisition of subsidiaries is described in detail in the section, *The Acquisition of Riverland Ag*.

Business review

Riverland Ag Corp.

Riverland Ag is an agricultural grain storage and supply chain management business that was started in 2006. It has purchased and operates 14 grain storage facilities, located in Minnesota, North Dakota, Wyoming, New York and Ontario, having aggregate storage capacity of approximately 50 million bushels.

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

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

Several of Riverland Ag's facilities are qualified as 'regular for delivery' locations for certain futures contracts on the Minneapolis and Chicago exchanges, allowing the company to earn carrying charges against grain stored for delivery to the exchanges by matching deliverable cash inventories with futures contracts.

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

The grain industry is undergoing rapid change. Increased demand for corn and soy, driven by the ethanol industry and emerging markets, is shifting farmers' allocation of North American acreage away from cereal grains to corn and soy. Oat and barley acreage has been declining steadily over the last few decades, particularly in the U.S. Shipping capacity in the Great Lakes has declined, and rail transportation has shifted toward larger trains for bulk shipments. Ingredient grain volumes are often sub-optimal relative to available shipping options. Food and beverage companies are demanding better technical performance from grain inputs in order to reduce costs and substantiate nutritional claims. Grain storage capacity has declined significantly, against an increasing need for storage, while storage replacement costs have risen sharply. In consideration of these factors, Riverland Ag's ability to build strategic reserves of critical ingredient grains close to major U.S. further-processing facilities, and to assist them in managing their supply chains, will allow it to build even stronger merchandising relationships with major food and beverage companies.

For the post-acquisition period (of approximately nine and two-thirds months) ended March 31, 2011, Riverland Ag had gross trading revenues of CAD$141.2M ($139.3M U.S. dollars , "USD"), gross profit of CAD$20.0M (USD$19.6M), EBITDA of CAD$15.5M (USD$15.3M) and net income of CAD$6.7M (USD$6.6M). EBITDA for the quarters ended September 30, 2010, December 31, 2010 and March 31, 2011 was CAD$5.5M, CAD$4.0M and CAD$5.0M respectively.

Following the purchase by Ceres, a new USD$115M, two-year revolving line of credit facility was arranged for Riverland Ag. During the quarter ended March 31, 2011, Riverland Ag also added an additional USD$10M of long-term debt. These new credit facilities provide Riverland Ag with greater liquidity to finance higher grain inventories and increases in grain prices, and greater flexibility to pursue acquisition targets in the commercial grain storage industry.

Since being acquired by Ceres in June 2010, Riverland Ag has increased its storage capacity by 6.7 million bushels (approximately 15 per cent). Two facilities in Wyoming were purchased from Busch Agricultural Resources, Inc., adding 2.1 million bushels of storage. An expansion of the Shakopee facility was completed during the quarter ended March 31, 2011, which added 2.3 million bushels of storage. This facility is strategically located close to one of the largest malting plants in North America. During the quarter ended March 31, 2011, Riverland Ag began construction on a 2.3-million bushel expansion of its Malt One facility sited in an Intermodal rail facility in downtown Minneapolis. Malt One is well positioned near several major milling companies. Construction is expected to be completed in order to receive the 2011 harvest.

Management continues to identify expansion opportunities both in the expansion of existing facilities and acquisition opportunities, and is encouraged by the opportunities available to continue to grow the business.

The acquisition of Riverland Ag

The rationale for this acquisition was that it represented an opportunity to acquire assets and an operating business at an attractive value relative to its replacement costs, in a key part of the agricultural supply chain, which would cost significantly more to replicate (if that were possible). In addition, management's assessment was that the core Riverland Ag business could be expanded and, therefore, represented a growth business. Initially, this growth is to be funded out of surplus cash at Ceres. With the growing worldwide demand for grains and in particular the specialized nature of the grains on which Riverland Ag is focused, the expected increased volume and price volatility represents an opportunity to work with large food and beverage companies on expanding the inventory supply chain relationships that leverage Riverland Ag's assets.

Ceres acquired Riverland Ag (including its operating subsidiaries) for an aggregate consideration of USD$67.8M (CAD$70.2M).

On the date of acquisition, the consolidated Shareholders' Equity in Riverland Ag was USD$88.2M (CAD$91.1M), representing a preliminary gain on the acquisition of the subsidiaries of USD$20.4M (CAD$21.1M) and being the amount reported in Ceres unaudited interim consolidated financial statements for the quarter ended June 30, 2010.

As reported in its annual financial statements for the year ended March 31, 2010, Ceres early adopted the new CICA Handbook section 1582 (Business Combinations, and hereinafter referred to as "Section 1582"). Accordingly, Ceres is required to recognize the gain on acquisition of subsidiaries (formerly known as "negative goodwill") on the Statement of Income and Retained Earnings (Deficit), based on the fair value of Riverland Ag's underlying net identifiable assets. Section 1582 also allows an acquiring company up to one year following an acquisition to finalize the determination of fair values as at the date of acquisition of a subsidiary. Therefore, the initial allocation of the acquisition price was subject to revision, primarily as it relates to the fair values of property, plant and equipment, and of long-term debt as at the date of acquisition. Adjustments to the allocation of the acquisition price were to be reflected in the consolidated financial statements of Ceres in the period such adjustments became known.

Subsequent to the acquisition, Ceres engaged an independent firm of appraisers to make an assessment of the fair value of the Riverland Ag's tangible assets. Ceres management has considered this report, among other things, in the determination and allocation of the fair value of the net identifiable assets. Based on this information and in conjunction with the factors noted above, Ceres has recognized an additional gain on acquisition of subsidiaries of USD$1.3M (equivalent to CAD$1.3M).

FINANCIAL POSITION AS AT MARCH 31, 2011

The following is a summary of the portfolio investments and cash on hand as at March 31, 2011 and 2010:

	2011	2010
Portfolio investments owned (long)	**$ 17,548,589**	$ 118,691,712
Liability for investments sold short	**–**	(27,444,805)
Unearned premiums on written options	**–**	(537,694)
Net portfolio investments, at fair values	**$ 17,548,589**	$ 90,709,213
Cash	**$ 46,836,841**	$ 28,884,374

The decrease in the fair value of the net portfolio investments during the year ended March 31, 2011 reflects the liquidation of a portion of the portfolio to fund the cash portion of the consideration paid on the acquisition of Riverland Ag (USD$50.8M; equivalent to CAD$52.6M after post-closing adjustments), an additional investment of USD$5.0M (CAD$5.1M) in Riverland Ag to fund the acquisition of the Wyoming Facilities reported above, the continued liquidation of some components of the portfolio investments to raise cash for other future investments, and the effects of the volatile equity market conditions experienced during the year.

Portfolio investments

Ceres holds a portfolio that primarily includes publicly traded equity in companies located in Canada, the United States of America and other countries. As at March 31, 2011, the fair value of all investments owned by Ceres totalled $17.5M and the cost thereof was $24.0M (March 31, 2010: fair value of $118.7M and cost of $122.7M, including debt securities having a fair value of $3.3M and a cost of $3.1M).

As part of the Corporation's strategy to manage its risks and minimize its exposure associated with owning securities denominated in foreign currencies, the Corporation may commit to certain forward foreign exchange contracts. As at March 31, 2011, the Corporation had a forward foreign exchange contract for USD$10.85M, having a maturity date of less than 30 days.

Other assets and liabilities

The annual consolidated balance sheet as at March 31, 2011, reflects changes in the nature of the assets and liabilities of the Corporation since March 31, 2010. These changes result primarily from the acquisition of Riverland Ag on June 11, 2010. As at March 31, 2011, Riverland Ag's assets totalled $249.4M (including property, plant and equipment of $57.2M), and its liabilities totalled $150.6M (including the non-current portion of long-term debt of $26.7M and a future income tax liability of $0.9M).

LIQUIDITY AND CAPITAL RESOURCES

The acquisition of Riverland Ag, in June 2010, transitioned Ceres from an investment company to an operating company. Following the acquisition, Ceres began an orderly liquidation of its portfolio of marketable securities to generate cash to support the growth of Riverland Ag and to invest in other agricultural industry-related businesses. As at March 31, 2011, Ceres had $46.8M of cash available for future investment, and approximately $17.6M invested in minority positions in several companies. Ceres will continue to monitor the market for opportunities to liquidate these investments.

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

Riverland Ag has the following short-term credit facilities:

- A syndicated committed facility of up to USD$115,000,000, two-year revolving credit agreement, which is subject to borrowing base limitations and secured by predominantly all assets of Riverland Ag, including cash but excluding property, plant and equipment. Borrowings bear interest at LIBOR plus 4.00 per cent, calculated and paid monthly. As at March 31, 2011, the balance payable by Riverland Ag on the committed revolving credit line totalled USD$77,500,000 (CAD$75,367,111). As of March 31, 2011, Riverland Ag was in compliance with all debt covenants.
- A repurchase commitment facility under its product financing arrangement with Macquarie Commodities (USA), Inc. ("MCUSA"). Riverland Ag periodically enters into sale/repurchase agreements, whereby it receives cash in exchange for selling inventory to MCUSA and agrees to repurchase the inventory from MCUSA for a fixed price on a future date. Riverland Ag recognizes these transactions as borrowings and commodity inventory in its accounts, and neither sales nor purchases are recognized in relation to these transactions. As at March 31, 2011, the Corporation has recorded a liability of USD$38,596,783 at that date (CAD$37,534,555), plus accrued interest payable. As at March 31, 2011, the fixed interest rates on the open repurchase commitments range from 4.83 per cent to 5.08 per cent.

Riverland Ag also has the following long-term credit facilities:

- A USD$25.0M secured term loan agreement with Great Western Bank, bearing a fixed annual interest rate of 6.25 per cent ("GWB loan #1"). This term loan matures on August 12, 2014, and is guaranteed by Riverland Ag and the Corporation's wholly owned subsidiaries. The loan is repayable commencing September 12, 2009, in 60 equal monthly instalments of USD$208,333 plus interest and a lump-sum payment of USD$12.5M due on August 12, 2014. As at March 31, 2011, the balance payable by Riverland Ag on this term loan is USD$21,041,667 (CAD$20,462,575), of which USD$2.5M (CAD$2.4M) is due prior to April 1, 2012.
- A ten-year term loan agreement in the amount of USD$10.0M with Great Western Bank, bearing a fixed annual interest rate of 6.60 per cent ("GWB loan #2"). The loan will mature on February 12, 2021, and is also guaranteed by Riverland Ag and the Corporation's wholly owned subsidiaries. The loan is repayable in 120 equal monthly principal instalments of USD$83,333 plus interest. As at March 31, 2011, the balance payable by Riverland Ag on this term loan is USD$9,916,667 (CAD$9,643,748), of which USD$1.0M (CAD$972K) is due prior to April 1, 2012.

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

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

On June 16, 2009, Ceres announced a normal course issuer bid (the "2009–2010 NCIB") commencing on June 18, 2009 until June 17, 2010. Using the facilities of the Toronto Stock Exchange ("TSX") and in accordance with its rules and policies, Ceres intended to purchase up to 1,122,058 of its common shares (the "Shares"), representing approximately 10 per cent of its unrestricted public float. During the year ended March 31, 2010, Ceres repurchased 441,415 Shares under the 2009–2010 NCIB. The cost to repurchase these Shares was $2.7M.

From April 1, 2010 to June 17, 2010, Ceres did not repurchase any Shares under the 2009–2010 NCIB.

On October 7, 2010, Ceres announced a normal course issuer bid (the "2010–2011 NCIB") commencing on October 8, 2010. The 2010–2011 NCIB will conclude on the earlier of the date on which purchases under the bid have been completed and October 7, 2011. Using the facilities of the TSX and in accordance with its rules and policies, Ceres intended to purchase up to 1,016,638 of its Shares, representing approximately 10 per cent of its unrestricted public float as at October 4, 2010. Ceres may purchase up to a daily maximum of 3,657 Shares, except where such purchases are made in accordance with the "block purchase" exception under applicable TSX rules and policies. For the period from October 8, 2010 to March 31, 2011, Ceres purchased 125,938 Shares under the 2010–2011 NCIB for aggregate consideration of $1.0M. The excess of the stated capital value of the repurchased Shares over the cost thereof, being $168.4K, has been recognized during the year as Contributed Surplus.

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

March 31, 2011	Carrying amount	Contractual cash flows	1 year	2 years	3 to 5 years	More than 5 years
Bank indebtedness	$ 75,367,111	$ 75,367,111	$ 75,367,111	$ –	$ –	$ –
Accounts payable and accrued liabilities	3,967,987	3,967,987	3,967,987	–	–	–
Repurchase obligations	37,534,555	37,534,555	37,534,555	–	–	–
Unrealized losses on open cash contracts	2,468,358	2,468,358	2,468,358	–	–	–
Management fees payable	294,092	294,092	294,092	–	–	–
Long-term debt	30,106,323	36,793,104	5,220,013	5,003,880	20,998,933	5,570,278
	$ 149,738,426	$ 156,425,207	$ 124,852,116	$ 5,003,880	$ 20,998,933	$ 5,570,278

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

BUSINESS RISKS AND OUTLOOK

Business Profile

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

Risks related to the portfolio investments

Ceres' portfolio investments currently consist primarily of traded equity of entities operating in Canada, the United States of America and other countries. As at March 31, 2011, total investment in non-public issuers represents 4.91 per cent of consolidated shareholders' equity (March 31, 2010: 2.07 per cent of shareholders' equity). These securities are subject to risks including market price risks, liquidity risk (as to investments in any private companies), issuer-specific credit risks, and fluctuations in foreign currency exchange rates and in interest rates.

Primary risks related to its operating subsidiary

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

Riverland Ag uses various grain contracts as part of its overall grain-merchandising strategies. Performance on these contracts is dependent on delivery of the grain or a customer buy-out. There is counterparty risk associated with non-performance, which may have the potential of creating losses for Riverland Ag. Management has assessed the counterparty risk and believes that 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, from time to time, be concentrated in certain industries or with significant customers. Riverland minimizes this risk by having a diverse customer base and established credit policies. The aging of Riverland Ag's trade accounts receivable are substantially current. Based on its review and assessment of its trade accounts receivable, management has determined credit risk related to trade accounts receivable is minimal.

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

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

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

Use of derivatives

To manage price risk exposure, 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 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. Changes to the market price of inventories of merchandisable agricultural commodities, forward cash purchase and sales contracts, and exchange-traded futures contracts are recognized in the Statements of Income and Retained Earnings (Deficit) as a component of Cost of sales. Unrealized gains and losses on these derivative contracts are recognized on the Balance Sheet and included in Due from Broker ($10,192,420 as at March 31, 2011) and in unrealized net gains (losses) on open cash contracts (as at March 31, 2011: unrealized gains of $1,899,160 and unrealized losses of $2,468,358).

Ceres may use certain derivative instruments to manage its exposure to fluctuations in foreign currency exchange rates on the Portfolio investments. For the year ended March 31, 2011, the realized loss on foreign currency hedging transactions was $123,724 (year ended March 31, 2010: realized gain on foreign currency hedging transactions was $7,928,964). For the quarter ended March 31, 2011, the realized gain on foreign currency hedging transactions was $397,410 (quarter ended March 31, 2010: gain on foreign currency hedging transactions was $1,131,886). As at March 31, 2011, Ceres recognized no unrealized gain or loss on its only forward foreign currency contract as the contract was executed on the year-end date (March 31, 2010: an unrealized gain of $1,006,364 on certain forward foreign currency contracts and an unrealized loss of $41,151 on the remaining forward foreign exchange contracts).

During 2011 and 2010, Ceres used written options as part of its strategies to manage its exposure to fluctuations in the market prices of its Portfolio investments owned. A summary of the results concerning these written options is as follows:

- Year ended March 31, 2011: earned premiums on written options were $491,143 (year ended March 31, 2010: $2,329,554) and the realized loss on written options exercised was $1,343,262 (year ended March 31, 2010: realized gain of $1,745,871).
- Quarter ended March 31, 2011, earned premiums on written options totalled $nil (quarter ended March 31, 2010: $504,903) and the realized loss on written options exercised was $nil (quarter ended March 31, 2010: realized gain of $65,581).

Earned premiums and the realized gain (loss) on written options are classified with the Realized gain (loss) on sale of investments in the Statements of Income and Retained Earnings (Deficit).

SUMMARY OF OPERATING RESULTS FOR THE FOURTH QUARTER

Revenues

For the quarter ended March 31, 2011, Riverland Ag reported net income of $1,943,471 on revenues totalling $35,646,992. For the quarter ended March 31, 2011, dividend, interest and other revenues earned by Ceres totalled $48,216 (quarter ended March 31, 2010: dividends, interest and other revenues totalled $353,760). Revenue and net income for the quarter have met management's expectation. The decrease in Ceres' investment revenues during the quarter ended March 31, 2011, reflects the divestiture of a significant number of portfolio investments to generate cash to fund future growth in Riverland Ag and to fund potential other investments in agricultural industry-related businesses.

Expenses

For the quarter ended March 31, 2011, operating expenses totalled $5,689,458 (quarter ended March 31, 2010: $2,024,638), as follows:

	3 months ended March 31, 2011	3 months ended March 31, 2010
Amortization of property, plant and equipment	**$ 664,453**	$ –
General and administrative	**1,482,247**	78,655
Interest on short-term debt	**1,315,676**	65,772
Interest on long-term debt	**479,186**	–
Management fees	**870,342**	651,209
Portfolio and corporate transaction costs	**877,554**	1,229,002
	$ 5,689,458	$ 2,024,638

EBITDA and EBIT

Riverland Ag's EBITDA for the quarter ended March 31, 2011 was $5,027,032 (quarter ended December 31, 2010: $3,950,526; quarter ended September 30, 2010: $5,447,668). Its EBIT for the quarter ended March 31, 2011 was $4,077,951 (quarter ended December 31, 2010: $3,463,380; quarter ended September 30, 2010: $4,967,673).

The following is a reconciliation of EBIT and EBITDA of Riverland Ag for the post-acquisition period from June 12, 2010 to March 31, 2011 and for the quarter ended March 31, 2011:

EBIT AND EBITDA	Post-acquisition period	Quarter ended March 31, 2011
Net income for Riverland Ag for the period	$ 6,736,666	$ 2,414,959
Add: interest on long-term debt	1,308,153	479,187
interest on short-term debt	3,264,189	1,315,676
income taxes	2,189,982	(131,871)
EBIT	$ 13,498,990	$ 4,077,951
Add: share of net loss in Canterra Seeds Holdings, Ltd.	284,628	284,628
depreciation on property, plant and equipment	1,731,613	664,453
EBITDA	$ 15,515,231	$ 5,027,032

SUMMARY OF SELECTED QUARTERLY FINANCIAL INFORMATION

The following table summarizes selected financial information for each of the last eight (8) fiscal quarters ended March 31, 2011: (in thousands, except per share amounts)

	3 months 2011-03-31 Q4 2011	3 months 2010-12-31 Q3 2011	3 months 2010-09-30 Q2 2011	3 months 2010-06-30 Q1 2011	3 months 2010-03-31 Q4 2010	3 months 2009-12-31 Q3 2010	3 months 2009-09-30 Q2 2010	3 months 2009-06-30 Q1 2010
Revenues	$ 35,695	$ 39,560	$ 54,241	$ 18,226	$ 353	$ 1,236	$ 825	$ 756
Income (loss) from operations	$ 1,217	$ 1,233	$ 1,720	$ (76)	$ (1,671)	$ 7	$ (275)	$ (269)
Net income (loss)	$ 2,701	$ 4,618	$ 12,417	$ 4,820	$ 3,681	$ 8,103	$ 9,376	$ 10,593
Weighted-average number of common shares	15,311	15,345	15,357	13,091	12,462	12,597	12,843	12,893
Basic and fully diluted earnings per share	$ 0.18	$ 0.30	$ 0.81	$ 0.37	$ 0.30	$ 0.65	$ 0.73	$ 0.82

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

Revenues: The amounts reported for Q1, Q2, Q3 and Q4 2011 include post-acquisition revenues of Riverland Ag. Comparative revenue figures for quarters prior to the year ended March 31, 2011 exclude Riverland Ag revenues and reflect only Ceres investment revenues for those quarters.

Income from operations: In Q2 2011, income from operations is net of portfolio transaction costs amounting to approximately $1.1M pertaining to the acquisition of Riverland Ag. In Q1 2011, the loss from operations reflects the post-acquisition contribution of income from operations of Riverland Ag, amounting to approximately $756,000. The loss from operations for Q4 2010 includes a charge for costs of approximately $1.01M related to, what was then, the potential acquisition of Riverland Ag.

SEGMENTED INFORMATION

Effective June 12, 2010 (the date of the Acquisition of Riverland Ag), the Corporation changed its operations from an investment company to a company operating in one segment, being the grain industry in the North American market. This is now the basis on which the Corporation is managed.

OUTSTANDING SHARE DATA

As at June 24, 2011, the issued and outstanding equity securities of the Corporation consisted of 15,139,819 Common Shares issued and 150,000 Warrants (March 31, 2011: 15,231,116 Common Shares issued and 150,000 Warrants; March 31, 2010: 12,452,165 Common Shares and 12,893,480 Warrants).

RELATED-PARTY TRANSACTIONS

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

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

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

(a) Management fees and incentive fees

For the year ended March 31, 2011, management fees of $3,195,728 were charged to operations (year ended March 31, 2010: management fees of $2,416,235 were charged to operations). For the quarter ended March 31, 2011, management fees of $870,342 were charged to operations (quarter ended March 31, 2010: management fees of $651,209 were charged to operations). As at March 31, 2011, management fees payable to the Manager amounted to $294,092 (March 31, 2010: $230,648). For the years and the quarters ended March 31, 2011 and 2010, the Statements of Income and Retained Earnings (Deficit) reflect no provision for an incentive fee. As at March 31, 2011 and 2010, there was no liability for an incentive fee.

(b) Due to Manager

As at March 31, 2011, the Corporation has no liability to the Manager. As at March 31, 2010, the liability to the Manager was $969,916, being the amount Ceres owed for certain costs and operating expenses paid by the Manager on its behalf.

SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from current estimates. Management reviews these estimates periodically and, as adjustments become necessary, they are reported in income in the period in which they become known. Significant estimates are required in the determination of income taxes and other provisions, and fair values.

The following significant accounting policies involve the use of estimates.

Financial instruments

Ceres has classified the investment in companies subject to significant influence as available for sale. Trade accounts receivable, dividends, interest and other receivables are classified as loans and receivables. All other financial assets are classified as held for trading. Current liabilities and long-term debt are classified as other liabilities, except unrealized losses on open cash contracts, unrealized loss on forward foreign exchange contracts, unearned premium on written options and investments sold short, which are classified as held-for-trading.

Valuation of investments in private companies
The fair value of financial instruments not traded in an active market (including, but not limited to: over-the-counter derivatives and debentures, and securities in private companies, warrants and restricted securities, among others) is determined using valuation techniques. Depending on various circumstances, the Corporation may use several methods and 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.

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

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

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

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

Buildings, silos/elevators, and improvements	15 – 31 years
Machinery and equipment	7 – 15 years
Furniture, fixtures, computers and office equipment	7 years

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

INCOME TAXES

Ceres and its subsidiaries operate in Ontario, Canada and in several states in the United States of America. Consequently, the income of the Corporation is subject to various rates of taxation.

The Corporation follows the asset and liability method of accounting for income taxes, whereby future tax assets and liabilities are determined based on temporary differences between the accounting values and the tax bases of such assets and liabilities, plus unused tax loss carry-forward amounts, all of which are measured using tax rates and laws substantively enacted that will be in effect when the differences are expected to reverse. However, the Corporation does not recognize the tax effect of certain temporary differences, principally with respect to temporary differences relating to investments in subsidiaries, to the extent the Corporation is able to control the reversal of the temporary difference and the temporary difference is not expected to reverse in the foreseeable future. The amount of future income tax assets and liabilities recognized is based on the expected manner and timing of realization or settlement of the carrying amount of assets and liabilities. Future income tax assets are recorded in the financial statements if realization is considered more likely than not. A valuation allowance is established, if necessary, to reduce any future income tax asset to an amount that is more likely than not to be realized. Future income 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.

As at March 31, 2011, the Corporation has reported a future income tax liability of $870,282. This amount represents the future income tax liability of $975,046 related to property, plant and equipment of Riverland Ag, net of future income tax assets of $104,765.

As at March 31, 2011, Ceres and a subsidiary have accumulated non-capital losses in the amount of $7,509,286. The potential income tax benefit of the non-capital loss being carried forward by Ceres has not been recognized in the financial statements. The non-capital losses are being carried forward and, unless utilized, will expire in the following taxation years:

Year of expiry	Amount
2028	$ 591,209
2029	143,048
2031	6,775,029
	$ 7,509,286

As at March 31, 2011, Ceres has capital losses in the amount of $11,111,190 available indefinitely to be applied against capital gains of the Corporation in future taxation years. In addition, Ceres' deferred capital losses in the amount of $524,080 arising on the disposition of certain investments are only deductible for tax purposes against future capital gains when certain conditions are met.

The potential income tax benefit of the capital losses being carried forward and the deferred capital losses have not been recognized in the financial statements.

CHANGEOVER TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

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

The conversion to IFRS will impact the Corporation's accounting policies, information technology and data systems, internal controls over financial reporting and disclosure controls and procedures. It may also have an impact on contractual commitments involving GAAP-based clauses, including debt covenants.

The Corporation has identified the following four stages of its conversion plan: scoping and planning, detailed assessment, operations implementation and post-implementation.

The scoping and planning stage ("Stage 1") involves: setting up a project team, mobilizing support for the conversion, reviewing the scope of the project with stakeholders, identifying major areas affected and developing an implementation plan and communication strategy. The detailed assessment stage ("Stage 2") involves: decisions as to accounting policies and transitional exemptions, quantifying the financial effect (if any) of the changes, preparing shell financial statements and identifying the business processes and resources affected. The operations implementation stage ("Stage 3") includes the design of business, reporting and system processes to support the compilation of IFRS-compliant financial data for the opening balance sheet at the date of transition (April 1, 2010), for the years ended March 31, 2011 and thereafter. Stage 3 also includes ongoing training, testing of the internal control environment and updated processes for disclosure controls and procedures. The post-implementation stage ("Stage 4") will include sustainable IFRS-compliant financial data and processes for the fiscal year ending March 31, 2012 and beyond. To date, the Corporation is on target with the timelines established in the work plan. The Corporation expects to file its first-quarter financial statements under IFRS, for the quarter ending June 30, 2011, within the required time frame.

Major activities	**Status**
Accounting policies and procedures:	
• Identify differences between IFRS and existing Canadian GAAP. • Review on-going policies where alternatives are permitted. • Analyze and determine the IFRS 1 exemptions that will be elected on transition to IFRS. • Implement revisions to accounting procedures.	• Differences between IFRS and existing policies and procedures have been identified. Accounting policy choices (both for on-going polices where alternatives are permitted and for IFRS 1 exemptions) have been analyzed and decisions made. • Revisions to the Corporation's accounting procedures have been implemented to record differences under IFRS.

Major activities	Status
Financial statement preparation:	
• Prepare financial statements and note disclosures in accordance with IFRS. • Quantify the effects of converting to IFRS. • Prepare first-time adoption reconciliations required under IFRS 1.	• The preparation of a draft of the April 1, 2010 balance sheet, as well as the comparative first quarter of 2010 consolidated balance sheets, comprehensive income and changes in equity is in process. • The effects of converting to IFRS are being quantified. The quantification of any adjustments will be subject to audit by the external auditors. Adjustments are based on current expectations, which could change due to changes in IFRS, interpretations of IFRS or accounting policy choices prior to the Corporation filing its 2012 consolidated annual financial statements. • The Corporation is in the process of preparing its first interim financial statements under IFRS, including first-time adoption reconciliations required under IFRS, for the quarter ending June 30, 2011.
Training and communication:	
• Provide topic-specific training to key employees involved with implementation as well as members of the Audit Committee. • Develop awareness of the likely effects of the transition throughout the Corporation. • Provide timely communication of the impacts of converting to IFRS to external stakeholders.	• Key employees involved with the implementation have received topic-specific training. • Key employees will receive on-going training throughout the transition to IFRS and beyond. • The members of the Board of Directors and Audit Committee have reviewed a detailed report concerning the IFRS transition and its effects on the Corporation. • Topic-specific issues have been discussed with key operations personnel relating to the changeover to IFRS and its effects on processes and procedures. • Communication to external stakeholders has been ongoing via Management Discussion & Analysis Disclosures.
Business considerations:	
• Identify impacts of conversion on contracts, including financial covenants. • Identify impacts of conversion on taxation.	• Identification of impacts on covenants is complete. Adoption of IFRS is not expected to have any material effect on Riverland Ag's ability to meet debt covenants. • Impacts of the IFRS conversion on tax compliance processes are still being assessed.
Information technology and data systems:	
• Identify changes required to IT systems and implement solutions. • Required changes to IT systems were identified and addressed.	• Implemented solutions for capturing financial information under Canadian GAAP and IFRS during the year of transition (for comparative information). • IFRS record-keeping has been implemented within the financial information systems to enable the capturing of financial information under both sets of accounting principals.

Major activities	Status
Internal control over financial reporting and disclosure controls and procedures:	
• Revise existing control processes and procedures to address significant changes to existing accounting policies and requirement (if necessary) for dual record-keeping during the fiscal year ended March 31, 2011.	• Implemented solutions for capturing financial information under Canadian GAAP and IFRS during the year of transition (for comparative information). • Specific controls have been established and implemented in relation to the IFRS changeover process.

The Corporation is in the process of quantifying the differences between IFRS and Canadian GAAP. The Corporation has not yet prepared a full set of annual financial statements under IFRS; therefore, amounts are subject to further review and are unaudited. While many differences will not have an effect on reported results and financial position, certain adjustments will be required because of IFRS accounting principles and provisions for first-time adoption. These adjustments (if any) are outlined in the following sections. In some areas, while the effects of identified differences have been quantified, quantifications are still being reviewed. In particular, quantification of IFRS conversion implications is still being reviewed in relation to certain elements of financial instruments, property, plant and equipment, and income taxes. Although the adoption of IFRS will result in adjustments to the Corporation's financial statements, management does not expect it to materially impact the underlying cash flows, operating performance or debt covenants.

First-time adoption of IFRS:
Any adjustments required on transition to IFRS will be made retrospectively against retained earnings as at April 1, 2010, being the date of transition and the date of the first comparative balance sheet presented. "First-Time Adoption of International Financial Reporting Standards" ("IFRS 1") provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS. The most significant IFRS 1 exemptions that are expected to apply to Ceres upon adoption are summarized in the following table:

Area of IFRS 1	Summary of Exemptions Available
Business combinations	Ceres may elect not to apply IFRS 3 (Business Combinations) retrospectively to past business combinations (namely, business combinations that occurred before April 1, 2010). This will not apply, as there were no business combinations prior to that date. Furthermore, Ceres early adopted CICA Handbook section 1582 (Business Combinations), which is substantially convergent with IFRS 3, in connection with its acquisition of Riverland Ag. There is no material effect anticipated on the financial statements of the Corporation on the adoption of this exemption.
Deemed cost of property, plant and equipment ("PP&E")	Exemptions in this section would allow Ceres to elect to measure an item of PP&E at April 1, 2010, at its fair value and use that fair value as its deemed cost at that date, or to use a GAAP revaluation of an item of PP&E at, or before, April 1, 2010, as deemed cost at the date of the revaluation, under certain conditions. This exemption does not apply to Ceres as it did not (directly or via subsidiaries) own PP&E as at April 1, 2010.
Designating previously recognized financial instruments	IAS 39 (Financial Instruments: Recognition and Measurement) permits a financial asset to be designated on initial recognition as available-for-sale, or a financial instrument to be designated as a financial asset or financial liability at fair value through profit or loss (known as "held-for-trading" under Canadian GAAP) if certain criteria are met. Despite this requirement, exceptions apply in the following circumstances: (a) Ceres is permitted to make an available-for-sale designation at April 1, 2010. (b) Ceres is permitted to designate, at April 1, 2010, any financial asset or financial liability as at fair value through profit or loss provided the asset or liability meets the criteria in IAS 39 at that date. The portfolio investments, being investments owned, investments sold short and the unearned premium on written options all qualify as financial assets or financial liabilities as at fair value through profit or loss. Under Canadian GAAP, these securities were classified as held-for-trading and fair value changes related thereto were recognized in the Statement of Income and Retained Earnings (Deficit). Accordingly the Corporation will not use this exemption.

Area of IFRS 1	Summary of Exemptions Available
Borrowing costs	IFRS requires that borrowing costs will be capitalized to the cost of assets that take a substantial time to develop or construct, using a capitalization rate based on the weighted-average interest rate on all the Corporation's outstanding third-party debt. Under Canadian GAAP, the Corporation's policy is that interest is expensed as incurred. This exemption will not apply to Ceres as at the date of transition. However, the requirements of IAS 23 (Borrowing Costs) would be considered on an ongoing basis if such qualifying assets (which "necessarily take a substantial period of time to get ready for its intended use or sale") were to be developed or constructed in the future.

Expected areas of significance

The key areas where the Corporation has identified that accounting policies will differ, or where accounting policy decisions were necessary that may affect the consolidated financial statements, are explained in the following table. This excludes the effects of the transition policy choices made under IFRS 1, described above.

Accounting Policy	Impact on Policy Adoption
Impairment of Assets	**Choices:** There are no policy choices available under IFRS. **Difference from existing Canadian GAAP:** IAS 36 (Impairment of Assets), uses a one-step approach for testing for, and the measurement of, impairment, with asset carrying values compared directly with the higher of fair value less costs to sell and value in use (which uses discounted future cash flows). Canadian GAAP generally uses a two-step approach to impairment testing, first comparing the carrying value of assets with undiscounted future cash flows to determine whether impairment exists, and then measuring any impairment by comparing asset carrying values with fair values. This difference might potentially result in more write-downs where carrying values of assets were previously supported under Canadian GAAP on an undiscounted cash flow basis, but could not be supported on a discounted cash flow basis. In addition, the extent of any new write-downs may be partially offset by the requirement under IAS 36 to reverse any previous impairment losses where circumstances have changed such that the impairments have been reduced. Canadian GAAP prohibits reversal of impairment losses. **Expected transition impact:** None **Expected future impact:** Dependant on future circumstances, as described above.
Provisions	**Choices:** There are no policy choices available under IFRS. **Difference from existing Canadian GAAP:** IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) requires a provision to be recognized when: there is a present obligation as a result of a past transaction or event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the obligation. "Probable" in this context means more likely than not. Under Canadian GAAP, the criterion for recognition in the financial statements is "likely", which is a higher threshold than "probable". Therefore, it is possible that there may be some contingent liabilities not recognized under Canadian GAAP that would require provision under IFRS. Other differences between IFRS and Canadian GAAP exist in relation to the measurement of provisions, such as the methodology for determining the best estimate where there is a range of equally possible outcomes, and the requirement under IFRS for provisions to be discounted where material. **Expected transition impact:** None **Expected future impact:** Measurements of provisions may fluctuate more under IFRS and a change in the discount rate may have a more significant impact on the obligation as well as the Corporation's assets and expenses.

Accounting Policy	Impact on Policy Adoption
Income taxes	**Choices:** There are no policy choices available under IFRS. **Difference from existing Canadian GAAP:** Like Canadian GAAP, deferred income taxes under IFRS are determined using the liability method for temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, and by generally applying tax rates applicable to the Corporation to such temporary differences. However, changes in accounting policies under IFRS will impact the Corporation's calculation of its deferred tax asset or liability. In addition IFRS requires the presentation of deferred tax assets and liabilities previously presented as current to non-current. **Expected transition impact:** None **Expected future impact:** See disclosure above, presently no material impact based on the Corporation's current operations.
Income taxes and foreign currency translation	**Choices:** There are no policy choices available under IFRS. **Difference from existing Canadian GAAP:** IFRS requires the recognition of the effect on deferred income taxes for temporary differences arising on the translation of certain foreign denominated non-monetary assets and liabilities. Canadian GAAP does not require similar treatment. **Expected transition impact:** There may be an increase in deferred tax liabilities or decrease in deferred tax assets, and a corresponding change in retained earnings. **Expected future impact:** Continued recognition of the deferred income tax effect concerning the translation of foreign denominated non-monetary assets or liabilities.
Property, plant and equipment ("PP&E")	**Choices:** Either a historical-cost model or revaluation model can be used to value PP&E. **Policy selection:** The Corporation will record property, plant and equipment using the historical-cost model. **Differences from existing Canadian GAAP:** IFRS is more explicit than Canadian GAAP in that where part of an item of PP&E has a cost that is significant in relation to the cost of the item as a whole, it must be depreciated separately from the remainder of the item. Under IFRS, the cost of major overhauls on items in property, plant and equipment is capitalized as a component of the related PP&E and amortized over the period until the next major overhaul. Under Canadian GAAP, depending as to whether such an overhaul actually resulted in a betterment of the PP&E, these costs may have been expensed in the year incurred. **Expected transition impact:** None, as Ceres did not own PP&E at as the date of transition. **Expected future impact:** The cost of future replacement of components of PP&E (including major overhauls) will be capitalized and amortized over several years rather than being expensed in the year incurred. This will result in a difference in timing between IFRS and Canadian GAAP in terms of when such costs are recognized as expenses.
Presentation of financial statements	**Choices:** The statement of cash flows may be presented using either the direct method or indirect method. Dividends paid, interest paid, interest received and dividends received may be presented as either operating or financing activities. **Policy selection:** The Corporation will continue to present its statement of cash flows using the indirect method. **Difference from existing Canadian GAAP:** IAS 1 prescribes various formats and requirements for statement presentation and disclosure. **Expected transition impact and future impact:** The Corporation expects the adoption of IAS 1 to result in several changes to the format of its financial statements, in expanded note disclosure, and the different classification and presentation of line items in its consolidated balance sheets and consolidated statements of comprehensive income.

The above list and related comments should not be regarded as a complete list of changes that will result from the transition to IFRS. It is intended to highlight those areas we believe will be most significant; quantitative impacts of certain differences are still being reviewed. Moreover, until the Corporation has prepared a full set of annual financial statements under IFRS, it will not be able to determine or precisely quantify all of the impacts that will result from converting to IFRS. The standard-setting bodies that promulgate IFRS and Canadian GAAP have significant ongoing projects that could affect ultimate differences between IFRS and Canadian GAAP and their impact on the Corporation's consolidated financial statements in future years. In particular, the Corporation expects there may be additional new or revised IFRSs issued during 2011, in relation to consolidations, discontinued operations, financial instruments, fair value measurement, leases, revenue recognition, employee benefits and joint ventures. The Corporation has processes in place to ensure that such potential changes are monitored and evaluated. The future impacts of IFRS will also depend on the particular circumstances prevailing in those years. The differences (if any) described are those existing based on IFRS and Canadian GAAP as at the date of this MD&A.

Management's Responsibility for Financial Reporting

The consolidated financial statements of the Corporation are the responsibility of management. The consolidated financial statements were prepared by management in accordance with Canadian generally accepted accounting principles using information available to June 24, 2011 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 Auditor's 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.

Original signed by

Gary Selke
Chief Executive Officer

Jason Gould
Chief Financial Officer

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, 2011 and 2010, the consolidated statements of income, retained earnings (deficit), comprehensive income and accumulated other comprehensive loss 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 Canadian generally accepted accounting principles, 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, 2011 and 2010, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Comparative Information
The financial statements of Ceres Global Ag Corp. as at and for the year ended March 31, 2010 were audited by another auditor who expressed an unmodified opinion on those statements on May 27, 2010.

Signed "KPMG LLP"

June 24, 2011
Winnipeg, Canada

Consolidated Balance Sheets

as at March 31, 2011 *(with comparative figures as at March 31, 2010)*	**2011**	2010
ASSETS		
Current		
Cash	**$ 46,836,841**	$ 28,884,374
Portfolio investments owned, at fair value *(Note 4)*	**17,548,589**	118,691,712
Due from Brokers *(Note 5)*	**10,695,253**	8,337,188
Unrealized gain on forward foreign exchange contracts	**–**	1,006,364
Unrealized gains on open cash contracts	**1,899,160**	–
Accounts receivable, trade	**10,188,130**	–
Dividends, interest and other receivables	**–**	247,577
Inventories, grains	**161,589,046**	–
Income taxes recoverable	**375,463**	75,641
Prepaid expenses	**733,120**	29,194
	249,865,602	157,272,050
Investment in companies subject to significant influence *(Note 6)*	**3,469,916**	–
Grain exchange memberships	**291,744**	–
Property, plant and equipment *(Note 7)*	**57,242,529**	–
TOTAL ASSETS	**$ 310,869,791**	$ 157,272,050
LIABILITIES		
Bank indebtedness *(Note 8)*	**$ 75,367,111**	$ –
Accounts payable and accrued liabilities	**3,967,987**	249,787
Repurchase obligations *(Note 9)*	**37,534,555**	–
Unrealized loss on forward foreign exchange contracts	**–**	41,151
Unearned premium on written options, at fair value	**–**	537,694
Unrealized losses on open cash contracts	**2,468,358**	–
Investments sold short, at fair value	**–**	27,444,805
Due to Brokers *(Note 5)*	**–**	2,921,063
Management fees payable *(Note 13(a))*	**294,092**	230,648
Due to Manager *(Note 13(b))*	**–**	969,916
Current portion of long-term debt *(Note 10)*	**3,403,676**	–
	123,035,779	32,395,064
Long-term debt *(Note 10)*	**26,702,647**	–
Future income tax liability *(Note 14(b))*	**870,282**	–
TOTAL LIABILITIES	**150,608,708**	32,395,064
SHAREHOLDERS' EQUITY		
Common shares *(Note 12(f))*	**146,947,393**	130,762,138
Warrants *(Note 12(f))*	**202,384**	9,026,038
Contributed surplus *(Note 12(f))*	**11,106,232**	1,911,776
Accumulated other comprehensive loss	**(5,727,662)**	–
Retained earnings (deficit)	**7,732,736**	(16,822,966)
TOTAL SHAREHOLDERS' EQUITY	**160,261,083**	124,876,986
Commitments *(Note 18)*		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 310,869,791**	$ 157,272,050

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

On Behalf of the Board:

Original signed by

Gary Selke
Director

Mary Parniak
Director

Consolidated Statements of Income, Retained Earnings (Deficit), Comprehensive Income and Accumulated Other Comprehensive Loss

For the year ended March 31, 2011 *(with comparative figures for the year ended March 31, 2010)*	**2011**	2010
REVENUES		
Grain-trading sales, net of discounts and allowances	**$ 141,201,233**	$ –
Storage, rental and other operating income	**6,057,124**	–
Cost of grain-trading sales	**(127,301,038)**	–
Gross profit	**19,957,319**	–
Dividend revenues, net of withholding taxes of $102,127 (2010: $230,719)	**413,382**	1,747,108
Interest and other revenues, net of interest expense on bonds sold short	**49,698**	1,423,691
Total gross profit and investment revenues	**20,420,399**	3,170,799
EXPENSES		
Amortization of property, plant and equipment	**1,731,613**	–
General and administrative	**4,433,436**	970,753
Interest on short-term debt	**3,264,189**	186,843
Interest on long-term debt	**1,308,152**	–
Management fees *(Note 13(a))*	**3,195,728**	2,416,235
Portfolio and corporate transaction costs	**2,392,042**	1,805,429
	16,325,160	5,379,260
INCOME (LOSS) FROM OPERATIONS	**4,095,239**	(2,208,461)
Realized gain on sale of investments	**1,613,595**	10,419,595
Realized gain (loss) on currency-hedging transactions	**(123,724)**	7,928,964
Realized and unrealized loss on foreign exchange	**(497,721)**	(1,658,113)
Change in unrealized (depreciation) appreciation of investments	**(403,144)**	17,269,640
Gain on acquisition of subsidiaries *(Note 3)*	**22,367,333**	–
INCOME BEFORE INCOME TAXES AND THE UNDERNOTED ITEM	**27,051,578**	31,751,625
Income taxes *(Note 14(a))*	**2,189,982**	–
INCOME BEFORE INCOME TAXES AND THE UNDERNOTED ITEM	**24,861,596**	31,751,625
Share of net loss in investments subject to significant influence	**(305,894)**	–
NET INCOME FOR THE YEAR	**24,555,702**	31,751,625
DEFICIT, BEGINNING OF YEAR	**(16,822,966)**	(48,574,591)
RETAINED EARNINGS (DEFICIT), END OF YEAR	**$ 7,732,736**	$ (16,822,966)
WEIGHTED-AVERAGE NUMBER OF SHARES FOR THE YEAR	**14,777,419**	12,699,439
EARNINGS PER SHARE		
Basic	**$ 1.66**	$ 2.50
Diluted	**$ 1.66**	$ 2.50
COMPREHENSIVE INCOME		
Net income before other comprehensive loss for the year	**$ 24,555,702**	$ 31,751,625
Other comprehensive loss for the year		
Loss on translation of foreign currency accounts of self-sustaining foreign operations	**(5,727,662)**	–
COMPREHENSIVE INCOME FOR THE YEAR	**$ 18,828,040**	$ 31,751,625
ACCUMULATED OTHER COMPREHENSIVE LOSS		
Accumulated other comprehensive loss, beginning of year	**$ –**	$ –
Other comprehensive loss for the year	**(5,727,662)**	–
ACCUMULATED OTHER COMPREHENSIVE LOSS, END OF YEAR	**$ (5,727,662)**	$ –

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

Consolidated Statements of Cash Flows

For the year ended March 31, 2011 *(with comparative figures for the year ended March 31, 2010)*	**2011**	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	**$ 24,555,702**	$ 31,751,625
Add (deduct): items not affecting cash		
Amortization of property, plant and equipment	**1,731,613**	–
Realized gain on sale of investments	**(1,613,595)**	(10,419,595)
Change in unrealized depreciation (appreciation) of investments	**403,144**	(17,269,640)
Gain on acquisition of subsidiaries	**(22,367,333)**	–
Future income tax asset recovered	**(56,194)**	–
Share of net loss in investments subject to significant influence	**305,894**	–
	2,959,231	4,062,390
Changes in non-cash working capital accounts *(Note 17)*	**(98,418,442)**	950,219
Cash flow provided by (used in) operating activities	**(95,459,211)**	5,012,609
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments, investments sold short and options	**(96,963,657)**	(307,121,818)
Proceeds from sale of investments, short sales and option premiums	**177,213,237**	319,271,151
Cash consideration paid on acquisition of subsidiaries *(Note 3)*	**(52,560,431)**	–
Cash acquired from subsidiaries *(Note 3)*	**459,701**	–
Acquisition of investment in company subject to significant influence	**(1,684,210)**	–
Proceeds from sale of property, plant and equipment, net of costs to dispose	**496,369**	–
Acquisition of property, plant and equipment	**(9,010,173)**	–
Cash flow provided by investing activities	**17,950,836**	12,149,333
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from bank indebtedness	**64,349,412**	–
Net proceeds from repurchase obligations	**24,065,765**	–
Proceeds from long-term debt	**9,934,000**	–
Repayment of long-term debt	**(1,984,531)**	–
Repurchase of common shares under normal course issuer bid	**(1,046,612)**	(2,716,746)
Recovery of share issue costs	**–**	205,995
Cash flow provided by (used in) financing activities	**95,318,034**	(2,510,751)
Foreign exchange cash flow adjustment on accounts denominated in a foreign currency	**142,808**	–
Increase in cash for the year	**17,952,467**	14,651,191
Cash, beginning of year	**28,884,374**	14,233,183
Cash, end of year	**$ 46,836,841**	$ 28,884,374
Supplemental disclosure of cash flow information:		
Interest paid	**$ 3,767,358**	$ 186,843
Income taxes paid	**$ 3,405,339**	$ –
Common shares issued on acquisition of Riverland Ag *(Note 3)*	**$ 17,400,282**	$ –
Common share purchase warrants issued on acquisition of Riverland Ag *(Note 3)*	**$ 202,384**	$ –

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

Notes to the Consolidated Financial Statements

March 31, 2011 and 2010

1. CORPORATE STATUS 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). On the completion of its initial public offering on December 21, 2007, the Corporation commenced its business activities.

Until June 11, 2010, Ceres was an actively managed investment company.

On June 11, 2010, using a wholly owned holding company and other intermediary companies, Ceres acquired all the issued and outstanding shares of Whitebox Commodities Holdings Corp. (the "Acquisition"), which operates under the trade name Riverland Ag. Concurrently, using the same wholly owned holding company, Ceres acquired all the issued and outstanding shares of Riverland Agriculture Limited, a Canadian company ("Riverland Canada"). On June 11, 2010 the Acquisition, its wholly owned subsidiaries and an intermediary company owned by Ceres were merged to form Riverland Ag Corp. ("Riverland Ag"). Riverland Canada was unaffected by the merger and continues to operate in Canada. Unless otherwise stated, Riverland Ag and Riverland Canada will be collectively referred to as Riverland Ag. Riverland Ag is an agricultural grain supply ingredient company that owns and operates 14 storage and handling facilities in the American states of Minnesota, North Dakota, Wyoming, New York and the Canadian province of Ontario.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

Management has prepared these financial statements in accordance with Canadian generally accepted accounting principles ("GAAP"). The following is a summary of significant accounting policies:

Basis of consolidation

These consolidated financial statements of Ceres Global Ag Corp. have been prepared in accordance with Canadian generally accepted accounting principles. The consolidated financial statements include the accounts of Ceres and its wholly owned subsidiaries Ceres Canada Holdco Corp., Riverland Agriculture Limited, Ceres U.S. Holdco Corp. and Riverland Ag Corp.

All intercompany transactions and balances have been eliminated.

The Corporation is required to follow the CICA standards for Business Combinations. In January 2009, the CICA issued Handbook Sections 1582 (Business Combinations), 1601 (Consolidated Financial Statements) and 1602 (Non-Controlling Interests), which replace CICA Handbook Sections 1581 (Business Combinations) and 1600 (Consolidated Financial Statements). Handbook Section 1582 establishes standards for the accounting for business combinations that are equivalent to those under International Financial Reporting Standards ("IFRS"). Handbook Sections 1601 and 1602 establish standards for the preparation of consolidated financial statements and the reporting of non-controlling (minority) interests, if any. These new CICA Handbook sections are effective for fiscal periods commencing on or after January 1, 2011, and therefore, would ordinarily be applicable for the Corporation's interim and annual consolidated financial statements for its fiscal year beginning April 1, 2011. However, early adoption of these sections is permitted and all three sections must be adopted concurrently. The Corporation has early adopted these new sections for its fiscal year beginning April 1, 2010. Under the new sections, the Corporation will account for acquisition-related transaction costs as expenses in the period in which such costs are incurred and the services rendered.

Investments in companies subject to significant influence

Ceres has a 25 per cent equity ownership interest in two Canadian companies, which is accounted for using the equity method.

The Corporation reviews its investments in these investee companies for impairment whenever events or changes in business circumstances indicate that the carrying amount of the investments may not be fully recoverable. Evidence of a loss in value that is other than temporary might include the absence of an ability to recover the carrying amount of the investments, the inability of the investees 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 whether any decline in value is other than temporary is based on the Corporation's assessment on whether evidence indicates the carrying amount of the investments is recoverable or whether the investees have the ability to sustain earnings capacity that would justify the carrying amount

of the investments. If the fair value of the investments is determined to be less than the carrying amount and the decline is considered to be other than temporary, an appropriate write-down is recorded based on the excess of the carrying amount over the best estimate of fair value.

Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from current estimates. Management reviews these estimates periodically and, as adjustments become necessary, they are reported in the Statements of Income and Retained Earnings (Deficit) in the period in which they become known.

Share issue costs

Share issue costs incurred related to the offering and issuance of Units under the Initial Public Offering were accounted for as a reduction of the stated capital value of the Common Shares and Warrants issued by the Corporation. During the year ended March 31, 2010, the Corporation recovered certain share issue costs amounting to $205,995, which were added to the stated capital value of the Common Shares and Warrants issued by the Corporation on the basis described in Note 12(f) (Share Capital).

Portfolio and corporate transaction costs

Portfolio transaction costs include brokerage commissions incurred in the purchase and sale of securities in which the Corporation invests. Corporate transaction costs include costs directly attributable to the acquisition of subsidiaries and the investment subject to significant influence, and the issuance of debt and equity instruments of the Corporation or its subsidiaries. All such costs are expensed in the period incurred and reported separately as such in the Statement of Income and Retained Earnings (Deficit).

Financial instruments

Trade accounts receivable, dividends, interest and other receivables are classified as loans and receivables. All other financial assets are classified as held-for-trading. Current liabilities and long-term debt are classified as other liabilities, except the unrealized loss on open cash contracts, the unrealized loss on forward foreign exchange contracts, unearned premium on written options and investments sold short, which are classified as held-for-trading.

Valuation of investments

Until June 11, 2010, the Corporation operated as an "investment company". Accordingly, the portfolio investments of the Corporation were measured and reported at fair value. Thereafter, due to the acquisition of Riverland Ag on that date, the Corporation's status as an investment company was no longer satisfied. As the Corporation no longer meets the definition of an investment company, CICA Accounting Guideline *AcG-18* (Investment Companies) no longer applies. Subsequently, the portfolio investments of the Corporation 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 and written options, if any. The fair value of financial instruments not traded in an active market (including but not limited to: over-the-counter derivatives and debentures, and securities in private companies, warrants and restricted securities, among others) is determined using valuation techniques. Depending on various circumstances, the Corporation may use several methods and 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.

Written options

Premiums received from writing call and put options are reported on the balance sheet as unearned premiums on written options. As at a valuation or reporting date, exchange-traded options are valued using the fair value as at the valuation or reporting date, and over-the-counter options are valued using industry-accepted techniques. Any difference between the premiums received and the fair value of the options as at a reporting date is reflected in the Statement of Income and Retained Earnings (Deficit) in the change in unrealized appreciation (depreciation) of investments.

Realized gains and losses relating to written options may arise when:

a) the written options expire, whereby the realized gain will equal the premium received;
b) the written call options are exercised, whereby the realized gains or losses would be the aggregate of the premium received, plus or minus the gain or loss on the sale of the related portfolio investment at the exercise price of the option; or
c) the written options are closed, whereby the realized gains or losses would represent the premium received less the cost of purchasing options to close the position.

If a written put option is exercised, the cost of the security acquired is the exercise price of the option less the premium received. A gain or loss is later realized upon the subsequent sale of the underlying security interest. Realized gains and losses related to written options are reported in the Statement of Income and Retained Earnings (Deficit) and included with realized gain on sale of investments.

Derivative contracts other than written options

Ceres may purchase forward foreign exchange contracts to hedge 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 recognized in the Statement of Income and Retained Earnings with the change in unrealized appreciation or depreciation of investments. Upon the closing out of the contracts, any gains or losses on foreign exchange are disclosed separately in the Statements of Income and Retained Earnings (Deficit) and classified with 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. 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 Statements of Income and Retained Earnings (Deficit) as a component of cost of sales. Unrealized gains and losses on these derivative contracts are recognized on the Balance Sheet and classified as due from broker, unrealized gains on open cash contracts and unrealized losses on open cash contracts.

Fair value measurements

The Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3862, Financial Instruments – Disclosures ("Section 3862"), requires the Corporation to 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 11(c) (Financial Instruments – Fair value measurements). Changes in valuation methods may result in transfers into or out of an investment's assigned level.

Foreign currency translation, transactions and balances of Ceres

Foreign currency transactions are translated into Canadian dollars ("CAD") using the exchange rates prevailing at the dates of the transactions. As at a reporting date, the fair value of assets and liabilities denominated in foreign currencies is translated into CAD using the exchange rates prevailing as at such reporting date. 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 Statements of Income and Retained Earnings (Deficit). Translation differences on securities included in the investment portfolio of the Corporation are recognized in the Statements of Income and Retained Earnings (Deficit) and included in the change in unrealized appreciation (depreciation) of investments.

Foreign currency translation, self-sustaining foreign operations of Riverland Ag

Riverland Ag Corp. is a self-sustaining foreign operation and maintains its accounts in U.S. dollars ("USD"). For the preparation of these consolidated financial statements, its accounts are translated into CAD using the current rate method. Under this method, all assets and liabilities are translated 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 accumulated other comprehensive income (loss) as at a reporting date. These adjustments are excluded from operating income until realized through a reduction in Ceres' net investment in the foreign subsidiary.

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 income is recorded as earned on an accrual basis. Freight costs and handling charges related to sales are presented gross in sales and cost of sales. Other direct and indirect costs associated with inventory and storage, including payroll and benefits of elevator employees, utilities and other similar costs are recorded in 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 investments is recognized in the Statements of Income and Retained Earnings (Deficit) as the change in unrealized appreciation (depreciation) of investments.

Inventories

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

Property, plant, and equipment

Property, plant, and equipment are stated at their fair value as at the date of the Acquisition, plus the cost of property, plant and equipment acquired after the date of Acquisition. Amortization is calculated using the straight-line method over the estimated useful lives of the respective classes of assets as follows:

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

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

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.

Business combinations

The Corporation accounts for business combinations using the acquisition method of accounting, which requires that the assets acquired and liabilities assumed be recorded at their respective fair values as at the date of acquisition. The judgments made in determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives, can materially affect net income. Accordingly, for significant acquisitions, the Corporation may engage qualified independent valuation specialists.

Repurchase obligations

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

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

Income taxes

The Corporation follows the asset and liability method of accounting for income taxes. Under this method, future tax assets and liabilities are determined based on temporary differences between the financial reporting and tax bases of assets, liabilities and unused tax loss carry-forward amounts and are measured using enacted or substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse. Future income tax assets are recognized to the extent they are more likely than not to be realized.

Earnings per Share

Earnings per Share are reported for basic and diluted net income. Basic earnings per Share is calculated by dividing the Corporation's net income for the reporting period by the weighted-average number of common Shares outstanding during the reporting period. Diluted earnings per Share is calculated using the treasury-stock method and reflects the dilutive effect of the exercise of Warrants outstanding as at the end of a reporting period.

3. BUSINESS COMBINATION

As reported in Note 1, on June 11, 2010, using a wholly owned holding company and other intermediary companies, Ceres acquired all the issued and outstanding Shares of Whitebox Commodities Holdings Corp. (the "Acquisition"), which operates under the trade name Riverland Ag. On June 11, 2010, the Acquisition, its wholly owned subsidiaries and an intermediary company indirectly owned by Ceres were merged to form Riverland Ag Corp. ("Riverland Ag"). Riverland Ag is an agricultural grain supply ingredient company that owns and operates 14 grain storage and handling facilities in the American states of Minnesota, North Dakota, Wyoming, New York and the Canadian province of Ontario. The aggregate purchase price, as adjusted, was USD$67,865,365, (equivalent to CAD$70,163,097, as adjusted), of which USD$50,829,978 was paid in cash, USD$16,839,525 was paid by the issuance of 2,904,889 common Shares of Ceres at a price of CAD$5.99 (USD$5.80) per Share and USD$195,862 was paid by the issuance of 150,000 common share purchase Warrants valued at CAD$1.35 (USD$1.31) each and exercisable at a price of CAD$10.40 at any time prior to the third anniversary of the closing date of the Acquisition.

Consideration for the cost of acquisition is summarized as follows:

	in USD	in CAD
Cash	$ 50,829,978	$ 52,560,431
Issuance of common Shares of Ceres	16,839,525	17,400,282
Issuance of common share purchase Warrants of Ceres	195,862	202,384
	$ 67,865,365	$ 70,163,097

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

	in USD	in CAD
Cash	$ 444,477	$ 459,701
Due from Broker, commodity futures contracts	4,773,839	4,933,285
Unrealized net gain on open cash contracts	844,992	873,215
Accounts receivable, trade	5,764,545	5,957,183
Inventories, grains	77,841,049	80,440,940
Prepaid expenses	248,962	257,401
Investment in company subject to significant influence	2,019,375	2,086,822
Grain exchange memberships	300,000	310,020
Property, plant and equipment	52,225,758	53,956,725
Total identifiable assets	144,462,997	149,275,292
Bank indebtedness	14,000,000	14,467,600
Accounts payable and accrued liabilities	1,696,322	1,752,944
Repurchase obligations	14,848,687	15,344,635
Income taxes payable	498,162	514,800
Long-term debt	22,916,667	23,682,084
Future income taxes	951,035	982,800
Total liabilities	54,910,873	56,744,863
Net identifiable assets, at fair value	89,552,124	92,530,430
Gain on acquisition of subsidiaries	(21,686,759)	(22,367,333)
	$ 67,865,365	$ 70,163,097

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

The gain on purchase of subsidiaries represents the excess of the fair value of the net identifiable assets acquired over the cost of acquisition, has been included in net income as required by CICA Handbook section 1582 (Business Combinations), and is presented separately in the Statement of Income and Retained Earnings (Deficit) for the year. The determination of the fair values of the identifiable assets and liabilities has been made by management using the best information available as at the date of preparation of these consolidated financial statements. During the year, the Corporation engaged a firm of independent appraisers to make an assessment of the fair value of the tangible assets as at the date of acquisition. The Corporation has considered their independent appraisal report, as well as other factors, in the determination of the fair value of the net identifiable assets as at the date of acquisition.

From the period from June 12, 2010 to March 31, 2011, the aggregate of net grain-trading sales plus storage, rental and other operating income earned by Riverland Ag was CAD$147,258,357, and its net income for that period was CAD$6,736,665.

4. PORTFOLIO INVESTMENTS

Portfolio investments owned are classified as held-for-trading, and consist primarily of traded equity and may include debt securities. As at March 31, 2011, no debt securities were classified with investments owned (March 31, 2010: fair value of debt securities classified with investments owned was $3,331,949, having a cost of $3,098,063). The issuers of these equity and debt securities operate in the following agricultural industry sub-sectors:

	March 31, 2011		March 31, 2010	
	Cost	**Fair Value**	Cost	Fair Value
Equipment manufacturers and distributors	**$ 8,128,861**	**$ 5,453,948**	$ 17,050,351	$ 14,455,037
Chemicals	**4,619,014**	**5,140,659**	8,625,935	9,074,230
Fertilizers	**3,154,446**	**2,780,368**	48,241,329	47,700,708
Miscellaneous	**2,515,367**	**2,394,388**	8,540,547	8,626,103
Agricultural commodity handlers and processors	**1,485,760**	**1,779,225**	19,801,240	20,620,464
Seed technology	**4,076,516**	**1**	12,570,041	7,700,021
Food manufacturing and retailing	**–**	**–**	8,031,705	10,515,149
	23,979,964	**17,548,589**	122,861,148	118,691,712
Less: transaction costs	**(27,370)**	**–**	(135,712)	–
	$ 23,952,594	**$ 17,548,589**	$ 122,725,436	$ 118,691,712

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

As at March 31, 2011, the top holdings of the Corporation, ranked by fair value, are:

Name of investee	Fair value
EcoSynthetix Inc.	$ 5,140,659
Hemisphere GPS Inc.	3,511,047
Windtronics, LLC	1,942,901
Alter NRG Corporation	1,536,256
Hanfeng Evergreen Inc.	1,467,120
Orocobre Limited	1,313,248
Archer Daniels Midland Company	916,725
Ocean Harvest Technology (Canada) Inc.	862,500
Swisher Hygiene Inc.	858,132
	$ 17,548,588

As at March 31, 2011, the fair values of the top-ten holdings of the Corporation, ranked by agricultural industry sub-sectors, are:

	Fair value
Equipment manufacturing and distribution	$ 5,453,948
Chemical	5,140,659
Fertilizers	2,780,368
Miscellaneous	2,394,388
Agricultural commodity handlers and processors	1,779,225
	$ 17,548,588

As at March 31, 2010, the top-ten holdings of the Corporation, ranked by fair value, were:

Name of investee	Fair value
Potash Corporation of Saskatchewan Inc.	$ 7,919,761
Hanfeng Evergreen Inc.	4,380,816
Agrium Inc.	4,152,316
The Mosaic Company	4,008,889
Potash One Inc.	3,845,295
Compass Minerals International Inc.	3,667,750
The Andersons Inc.	3,592,106
Orocobre Limited	3,530,124
Yara International ADR	3,482,501
Monsanto Company	3,421,742
	$ 42,001,300

As at March 31, 2010, the fair values of the top-ten holdings of the Corporation, ranked by agricultural industry sub-sectors, were:

	Fair value
Fertilizers	$ 34,987,452
Agricultural commodity handlers and processors	3,592,106
Seed technology	3,421,742
	$ 42,001,300

5. 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 contracts represents margin deposits and open trade equity maintained by a broker in connection with commodity futures contracts.

Due to Broker for Riverland Ag for commodity futures contracts represents the net amount of required margin deposits, open trade equity and minimum collateral requirements on deposit with the broker.

6. INVESTMENT IN COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE

	March 31, 2011	March 31, 2010
Canterra Seeds Holdings, Ltd.	**$ 1,806,972**	$ –
Stewart Southern Railway Inc.	**1,662,944**	–
	$ 3,469,916	$ –

Riverland Canada holds a 25 per cent interest in Canterra Seeds Holdings, Ltd. ("Canterra"), a Canadian company. Riverland Canada also received 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 received rights to a 20 per cent voting position on the Board of Directors of SSR.

7. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2011	March 31, 2010
Buildings and silos/elevators	**$ 52,315,287**	$ –
Machinery and equipment	**2,802,589**	–
Furniture, fixtures, computers and office equipment	**2,147,426**	–
Land	**5,545,211**	–
	62,810,513	–
Less: accumulated amortization	**(5,567,984)**	–
	$ 57,242,529	$ –

8. BANK INDEBTEDNESS

On October 29, 2010, Riverland Ag entered into a syndicated committed USD$115,000,000, two-year revolving credit agreement. The obligation is guaranteed by Riverland Ag and by Ceres Canada Holding Corp., Ceres U.S. Holding Corp., and Riverland Canada. The credit agreement is subject to borrowing base limitations. The revolving credit facility is secured by predominantly all assets of Riverland Ag, including cash but excluding property, plant and equipment.

Borrowings bear interest at LIBOR plus 4.00 per cent. As at March 31, 2011, the balance payable by Riverland Ag on the committed revolving credit line totalled USD$77,500,000 (CAD$75,367,111). Interest is calculated and paid monthly. Amounts under the credit agreement that remain undrawn are subject to a commitment fee of 0.75 per cent per annum payable quarterly in arrears on the average daily undrawn amount.

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

9. REPURCHASE OBLIGATIONS

At March 31, 2011, Riverland Ag has open repurchase commitments under its product financing arrangement with MCUSA to repurchase 5,265,000 bushels of wheat. Under the product financing arrangement, the Company sold MCUSA oats under contract and simultaneously entered into contracts to repurchase the oats in the first quarter of the fiscal year ending March 31, 2012 ("FYE 2012"). Since Riverland Ag is obligated to repurchase these commodities from MCUSA, it has not recognized these transactions as sales. As at March 31, 2011, 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$38,596,783 at that date (CAD$37,534,555), plus accrued interest payable. The fixed interest rates on the open repurchase commitments range from 4.83 per cent to 5.08 per cent.

Subsequent to March 31, 2011, Riverland Ag amended certain existing product-financing arrangements and entered into new product-financing arrangements with substantially equivalent volume of wheat to the product-financing arrangements with MCUSA coming due in the second quarter of fiscal year 2012. Under the terms of these new contracts, the Company is obligated to repurchase the wheat in the second quarter of FYE 2012.

10. LONG-TERM DEBT

Effective August 12, 2009, Riverland Ag entered into a USD$25,000,000 secured term loan agreement with Great Western Bank, bearing a fixed annual interest rate of 6.25 per cent ("GWB loan #1"). This term loan matures on August 12, 2014, and is guaranteed by Riverland Ag and the Corporation's wholly owned subsidiaries. The loan is repayable commencing September 12, 2009, in 60 equal monthly instalments of USD$208,333 plus interest and a lump-sum payment of USD$12,500,000 due on August 12, 2014.

Effective January 24, 2011, Riverland Ag entered into a ten-year term loan agreement in the amount of USD$10,000,000 with Great Western Bank, bearing a fixed annual interest rate of 6.60 per cent ("GWB loan #2"). The loan will mature on February 12, 2021, and is guaranteed by Riverland Ag and the Corporation's wholly owned subsidiaries. The loan is repayable in 120 equal monthly principal instalments of USD$83,333 plus interest.

As at March 31, 2011, long-term debt is summarized as follows:

	in USD	in CAD
GWB loan #1	$ 21,041,667	$ 20,462,575
GWB loan #2	9,916,667	9,643,748
	30,958,334	30,106,323
Less: portion due within the next twleve months	(3,500,000)	(3,403,676)
Long-term portion of term loans payable	$ 27,458,334	$ 26,702,647

Annual principal repayments of long-term debt over the next five fiscal years are as follows:

	in USD	in CAD
Fiscal year ending March 31, 2012	$ 3,500,000	$ 3,403,676
Fiscal year ending March 31, 2013	3,500,000	3,403,676
Fiscal year ending March 31, 2014	3,500,000	3,403,676
Fiscal year ending March 31, 2015	14,541,667	14,141,462
Fiscal year ending March 31, 2016	1,000,000	972,479
Thereafter until the fiscal year ending March 31, 2021	4,916,667	4,781,354
	$ 30,958,334	$ 30,106,323

USD amounts were translated to CAD using the exchange rate effective as at March 31, 2011. As at the date of preparation of these consolidated financial statements, management cannot predict with reasonable certainty the exchanges rates that may apply on the dates on which interest and principal payments are due. Future foreign exchange rates will vary from the rate as at March 31, 2011 and such variances may be material.

Both term loans have certain restrictive debt covenant requirements which Riverland Ag is required to meet as part of the loan requirements. Riverland Ag must maintain the ratio of "liabilities" to "tangible net worth" (as these terms are defined by the agreement) of 2.5 to 1.0 or more, "debt service coverage ratio" of 1.5 to 1.0 or more, consolidated working capital of not less than $30,000,000 and consolidated net worth of not less than $70,000,000 along with other restrictions including the payment of dividends or other distributions to shareholders.

As at March 31, 2011, Riverland Ag was in compliance with all debt covenants.

11. FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments

Financial instruments include cash, portfolio investments owned, due from brokers, dividends, interest and other receivables, trade accounts receivable, bank indebtedness, repurchase obligations, accounts payable and accrued liabilities, forward foreign exchange contracts, open cash contracts, written put and call options issued, investments sold short, due to broker, management fees payable, due to Manager and long-term debt. Portfolio investments owned, investments sold short, written put and call options issued, forward foreign exchange contracts and open cash contracts are valued at fair value, using the policies described in Note 2. All other financial instruments are classified as loans and receivables or financial liabilities, as applicable, and are carried at amortized cost. The fair value of all other financial instruments closely approximates their carrying values.

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.

(b) Management of financial instruments risks

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 Investment Advisor 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, 2011. Potential losses from written put options could be unlimited. Short sales that the Corporation has made and may make in the future could involve certain risks and other considerations. Potential losses from short sales differ from potential losses from securities owned (long positions); because losses from short sales might be unlimited. The Corporation's overall market positions are monitored on a daily basis by its Investment Advisor and are reviewed quarterly by the Board of Directors.

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

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, 2011, 4.96 per cent (March 31, 2010: 2.07 per cent) of shareholders' equity is represented by portfolio investments in private companies. As at March 31, 2011, 5.99 per cent (March 31, 2010: 71.00 per cent) of shareholders' equity is invested in equity and debt instruments of publicly traded companies located in Canada, the United States of America, Australia, European countries and other countries.

As at March 31, 2011 and March 31, 2010, 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 in below (Currency risk).

Notwithstanding these factors, the following is a summary of the effect on the results of operations of the Corporation, if the bid or ask prices of each of the portfolio investments (including investments owned, short sales and written options) as at March 31, 2011 and 2010 had increased or decreased by 10 per cent, with all other variables remaining constant:

	March 31, 2011		March 31, 2010	
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	**$ 1,754,944**	**$ 0.12**	$ 9,698,625	$ 0.76
10% decrease in bid/ask prices	**$ (1,754,789)**	**$ (0.12)**	$ (9,001,720)	$ (0.71)

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 open cash contracts as at March 31, 2011 had increased or decreased by 5 per cent, with all other variables remaining constant:

	March 31, 2011		March 31, 2010	
Change in bid/ask prices of investments	**Increase (decrease) in net income**	**Increase (decrease) in earnings per share**	Increase (decrease) in net income	Increase (decrease) in earnings per share
5% increase in bid/ask price	**$ 351,194**	**$ 0.02**	$ –	$ –
5% decrease in bid/ask prices	**$ (351,194)**	**$ (0.02)**	$ –	$ –

Interest rate risk

As at March 31, 2011, Ceres has no long or short portfolio positions in any interest-bearing securities. As at March 31, 2010, the Corporation had invested in traded fixed rate interest-bearing securities, having an aggregate cost of $3,098,063 and fair value of $3,331,949. As at that date, fixed contractual interest rates related to these debt securities ranged from 7 per cent to 7.75 per cent, and the dates of maturity ranged from December 31, 2014 to November 1, 2019.

As at March 31, 2011 and 2010, except for cash on deposit, the amounts of which vary from time-to-time and on which interest is earned at nominal variable interest rates, the Corporation had no other variable rate interest-bearing securities. As at March 31, 2011 and 2010, 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, 2011 and 2010, the Corporation was not directly exposed to any significant degree to cash flow interest rate risk due to changes in prevailing market interest rates.

As at March 31, 2010, the Corporation's fair value interest rate risk related to fixed rate debt securities it owned was potentially affected primarily by movements in base rates and changes in corporate spreads. In consideration of these two factors, the following is a summary of management's estimates of the effect on the fair value of the debt securities owned and on the results of operations of the Corporation, if a combination of market interest rates and corporate spreads as at March 31, 2010 had increased or decreased by 50 basis points ("50 bps"), with all other variables remaining constant:

	March 31, 2011		March 31, 2010	
Change in bid/ask prices of debt securities	**Increase (decrease) in net income**	**Increase (decrease) in earnings per share**	Increase (decrease) in net income	Increase (decrease) in earnings per share
50 bps increase	**$ –**	**$ –**	$ (33,684)	$ (0.003)
50 bps decrease	**$ –**	**$ –**	$ 89,611	$ 0.007

As at March 31, 2011, Riverland Ag has a variable rate interest-bearing liability in the form of its revolving credit facility. Management has determined the Corporation's cash flow interest rate risk concerning the unpaid and accrued interest expense on this revolving credit facility had the interest rate increased or decreased by 25 basis points ("25 bps"), and has considered that risk to be insignificant.

As at March 31, 2011, the interest rates applicable to the repurchase commitments (Note 9) are at fixed rates on each such contracts ranging from 4.83 per cent to 5.08 per cent. In addition, the interest rates related to the two long-term secured debt term loans (Note 10, Long-term debt) have a fixed annual rate of 6.25 per cent, until maturity in August 2014, and a fixed annual rate of 6.60 per cent, until maturity in February 12, 2021. Therefore, Riverland Ag is not subject to cash flow interest rate risk concerning these liabilities.

As at March 31, 2010, the Corporation had no interest-bearing liabilities.

Credit risk

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

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

Riverland Ag uses various grain contracts as part of its overall grain-merchandising strategies. Performance on these contracts is dependent on delivery of the grain or a customer buy-out. There is counterparty risk associated with non-performance, which may have the potential of creating losses for the Corporation. The Corporation's management has assessed the counterparty 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 no allowance for doubtful accounts is warranted.

Custody and prime brokerage risk

There are risks involved with dealing with a custodian or broker who settles 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 an insolvency of any such party. Notwithstanding the foregoing, management has evaluated the risk of loss related to the custodian or brokers and has determined this risk to be insignificant.

Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments, as at March 31, 2011 and 2010:

March 31, 2011	Carrying amount	Contractual cash flows	1 year	2 years	3 to 5 years	More than 5 years
Bank indebtedness	$ 75,367,111	$ 75,367,111	$ 75,367,111	$ –	$ –	$ –
Accounts payable and accrued liabilities	3,967,987	3,967,987	3,967,987	–	–	–
Repurchase obligations	37,534,555	37,534,555	37,534,555	–	–	–
Unrealized losses on open cash contracts	2,468,358	2,468,358	2,468,358	–	–	–
Management fees payable	294,092	294,092	294,092	–	–	–
Long-term debt	30,106,323	36,793,104	5,220,013	5,003,880	20,998,933	5,570,278
	$ 149,738,426	$ 156,425,207	$ 124,852,116	$ 5,003,880	$ 20,998,933	$ 5,570,278

March 31, 2010	Carrying amount	Contractual cash flows	1 year	2 years	3 to 5 years	More than 5 years
Accounts payable and accrued liabilities	$ 249,787	$ 249,787	$ 249,787	$ –	$ –	$ –
Unrealized loss on forward foreign exchange contracts	41,151	41,151	41,151	–	–	–
Unearned premiums on written options	537,694	537,694	537,694	–	–	–
Investments sold short	27,444,805	27,444,805	27,444,805	–	–	–
Due to broker, portfolio investments	2,921,063	2,921,063	2,921,063	–	–	–
Management fees payable	230,648	230,648	230,648	–	–	–
Due to manager	969,916	969,916	969,916	–	–	–
	$ 32,395,064	$ 32,395,064	$ 32,395,064	$ –	$ –	$ –

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

Currency risk

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

The following is a summary, at fair value, of Ceres' exposure to currency risks:

	March 31, 2011		March 31, 2010	
Currency	**Net asset exposure***	**Net forward contracts (to sell foreign currency)**	Net asset (liability) exposure*	Net forward contracts (to sell foreign currency)
U.S. dollars	**$ 11,815,975**	**$ 10,850,000**	$ 61,193,222	$ 68,400,000
Hong Kong dollars	**$ –**	**$ –**	$ (1,343,932)	$ –
Australian dollars	**$ 1,402,027**	**$ –**	$ 5,258,237	$ 5,300,000
Singapore dollars	**$ –**	**$ –**	$ 6,343,144	$ 6,400,000
Pounds sterling	**£ –**	**£ –**	£ (45,538)	£ –
Euros	**€ –**	**€ –**	€ (971,430)	€ –
Swiss francs	**SFr –**	**SFr –**	SFr 2,347,479	SFr 2,380,000

*Exposure is before considering the effect of forward foreign exchange contracts.

As at March 31, 2011, Ceres was committed to a forward foreign exchange contract executed on that date and due April 29, 2011, as 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, 2011, with all other variables remaining constant, related to assets and liabilities denominated in foreign currencies and to the forward foreign exchange contracts:

	March 31, 2011		March 31, 2010	
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	**$ (86,678)**	**$ (0.01)**	$ 622,968	$ 0.05
CAD 5% weaker	**$ 151,438**	**$ 0.01**	$ (260,256)	$ (0.02)

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

(c) Fair value measurements

The following is a summary of the classification of the fair value of the portfolio investments and derivatives (options and forward foreign exchange contracts) using the hierarchy of inputs described in Note 2 (Summary of significant accounting policies – fair value measurements):

Ceres, March 31, 2011	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities, long	**$ 9,602,529**	**$ –**	**$ 7,946,060**	**$ 17,548,589**

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

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

Ceres, March 31, 2010	Level 1	Level 2	Level 3	Total
Equities, long	$ 112,747,112	$ 32,148	$ 2,580,503	$ 115,359,763
Debentures, long	–	3,331,949	–	3,331,949
Equities, short	(27,444,805)	–	–	(27,444,805)
Unearned option premiums	(537,694)	–	–	(537,694)
Unrealized gain on forward foreign exchange contracts	–	1,006,364	–	1,006,364
Unrealized loss on forward foreign exchange contracts	–	(41,151)	–	(41,151)
	$ 84,764,613	$ 4,329,310	$ 2,580,503	$ 91,674,426

The following is a reconciliation of the changes in the portfolio investments owned by Ceres, measured at fair value using unobservable inputs (Level 3), for the year ended March 31, 2010:

Balance, April 1, 2009	$ 1,700,000
Purchases	2,380,503
Change in unrealized depreciation in Level 3 portfolio investments	(1,500,000)
	$ 2,580,503

Riverland Ag, March 31, 2011	**Level 1**	**Level 2**	**Level 3**	**Total**
Due from broker	**$ 10,192,420**	**$ –**	**$ –**	**$ 10,192,420**
Unrealized gains on open cash contracts	**–**	**1,899,160**	**–**	**1,899,160**
Inventories, grains	**–**	**161,589,046**	**–**	**161,589,046**
Unrealized losses on open cash contracts	**–**	**(2,468,358)**	**–**	**(2,468,358)**
	$ 10,192,420	**$ 161,019,848**	**$ –**	**$ 171,212,268**

12. SHARE CAPITAL

(a) Authorized

Unlimited number of voting, participating Common Shares, without nominal or 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

On June 16, 2009, Ceres announced a normal course issuer bid ("the 2009–2010 NCIB") commencing on June 18, 2009 until June 17, 2010. Using the facilities of the Toronto Stock Exchange ("TSX") and in accordance with its rules and policies, Ceres intended to purchase up to 1,122,058 of its common shares (the "Shares"), representing approximately 10 per cent of its unrestricted public float. The Corporation was permitted to purchase the Shares via the TSX when the net asset value per Share exceeds its trading price. The purpose of the 2009–2010 NCIB was to provide Ceres with a mechanism to decrease the potential spread between the net asset value per Share and its related market price.

During the year ended March 31, 2010, Ceres repurchased 441,415 Shares under the 2009–2010 NCIB. The cost to repurchase these Shares was $2,716,746. The stated capital value of the repurchased Shares was $4,628,522. The excess of the stated capital value of the repurchased Shares over the cost of repurchasing the Shares, being $1,911,776, was recognized as Contributed Surplus in that year.

During the period from April 1, 2010 to June 17, 2010, Ceres did not repurchase any Shares under the 2009–2010 NCIB.

On October 7, 2010, Ceres announced a normal course issuer bid ("the 2010–2011 NCIB") commencing on October 8, 2010. The 2010–2011 NCIB will conclude on the earlier of the date on which purchases under the bid have been completed and October 7, 2011. Using the facilities of the TSX and in accordance with its rules and policies, Ceres intended to purchase up to 1,016,638 of its common Shares, representing approximately 10 per cent of its unrestricted public float as at October 4, 2010. Ceres may purchase up to a daily maximum of 3,657 Shares, except where such purchases are made in accordance with the "block purchase" exception under applicable TSX rules and policies. The Shares may be purchased for cancellation via the TSX and may be purchased when the net asset value per Share exceeds its trading price. The purpose of the 2010–2011 NCIB is to provide Ceres with a mechanism to decrease the potential spread between the net asset value per Share and the market price of the Shares.

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

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

On June 11, 2010, Ceres issued 2,904,889 Common Shares at their quoted price of CAD$5.99 (USD$5.80) each for consideration of USD$16,839,525 (CAD$17,400,285), and 150,000 Common Share Purchase Warrants valued at CAD$1.35 (USD$1.31) each for consideration of USD$195,862 (CAD$202,384). These Common Share Purchase Warrants are exercisable at any time prior to the third anniversary of the closing date of the Acquisition at an exercise price of CAD$10.40 each.

(d) Expiry of Common Share Purchase Warrants

On December 21, 2010, the Common Share Purchase Warrants (collectively the "Warrants") that were issued to purchasers of Units under the Initial Public Offering and to the agents under an over-allotment option granted thereto, expired and were cancelled. The Corporation allocated the aggregate stated capital value of the Warrants of $9,026,038 to Contributed Surplus during the year.

(e) Adjustment for Share issue costs recoverable

During the year ended March 31, 2010, Ceres recovered an overpayment of certain share issues costs concerning the Initial Public Offering that closed in December 2007. The amount of the share issue costs recovered was $205,995, which was allocated to increase the stated capital value of the Common Shares and the Warrants in the same proportions used to allocate the aggregate of the share issue costs in the fiscal period ended March 31, 2008.

(f) Issued and outstanding as at March 31, 2011 and 2010

The following is a summary of the changes in the Common Shares, the Warrants and Contributed Surplus during the years ended March 31, 2010 ("FYE 2010") and March 31, 2011 ("FYE 2011"):

	Common Shares		Warrants		Contributed Surplus	Total
Balances, March 31, 2009	12,893,580	$ 135,197,540	12,983,480	$ 9,013,163	$ –	$ 144,210,703
Changes in FYE 2010						
Repurchases under normal course issuer bid	(441,415)	(4,628,522)	–	–	1,911,776	(2,716,746)
Adjustment for Share issue costs recovered	–	193,120	–	12,875	–	205,995
Balance, March 31, 2010	12,452,165	130,762138	12,893,480	9,026,038	1,911,776	141,699,952
Changes in FYE 2011						
Issuance, June 11, 2010	2,904,889	$ 17,400,285	150,000	202,384	–	17,602,669
Repurchases under normal course issuer bid	(125,938)	(1,215,030)	–	–	168,418	(1,046,612)
Expiry of Warrants issued on Initial Public Offering	–	–	(12,893,480)	(9,026,038	9,026,038	–
Balances, March 31, 2011	**15,231,116**	**$ 146,947,393**	**150,000**	**$ 202,384**	**$ 11,106,232**	**$ 158,256,009**

13. MANAGEMENT FEES AND OTHER EXPENSES

(a) Management fees and incentive fees

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

In addition to the annual management fees and in respect of each fiscal year, the Corporation is also required to pay to the Manager an annual incentive fee (the "Incentive Fee") equal to: (a) 20 per cent of the amount by which the Adjusted Net Asset Value per Common Share (as defined in the Management Agreement and described in the prospectus dated December 13, 2007) at the end of such fiscal year exceeds the highest year-end Net Asset Value per Common Share ("Highest Year") adjusted pro rata to reflect Warrants exercised since the Highest Year (as also defined in the Management Agreement and described in the prospectus) multiplied by (b) the average daily number of Common Shares outstanding during such fiscal year. Notwithstanding the foregoing, no Incentive Fee will be payable with respect to the current fiscal year of the Corporation unless the Adjusted Net Asset Value per Common Share at the end of the current fiscal year exceeds the Net Asset Value per Common Share at the end of the preceding year, adjusted pro rata to reflect Warrants exercised during the current fiscal year, by a minimum of 8 per cent (the "Threshold Rate"). For calculating the Incentive Fee for the fiscal period ended March 31, 2008 and for all fiscal years, 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, 2011 and 2010, no Incentive Fee is payable to the Manager.

For the year ended March 31, 2011, management fees charged to operations total $3,195,728 (2010: $2,416,235). As at March 31, 2011, management fees payable to the Manager amounted to $294,092 (2010: $230,648).

(b) Other expenses

The Corporation is responsible for paying fees and expenses incurred in its operations and administration, except fees and expenses to be borne by the Manager as set out in the Management Agreement. In addition to the Management Fees and Incentive Fees payable to the Manager, the Corporation shall reimburse the Manager for all expenses it incurs related to its duties (including payments to third parties in that regard) to the extent such expenses were incurred for and on behalf of the Corporation.

14. INCOME TAXES

Taxation on earnings includes current and future income taxes. Taxation is recognized in the Consolidated Statements of Income and Retained Earnings (Deficit) Operations except to the extent that it relates to items recognized directly in Other Comprehensive Income ("OCI") during the reporting period, in which case taxes are recognized in OCI.

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

Current income taxes represent the expected income taxes payable on taxable income for the year, using rates enacted or substantively enacted at the year-end, and includes adjustments (if any) to income taxes payable in respect of previous years. As disclosed in Note 2 (Summary of significant accounting policies, Income taxes), future income taxes are accounted for using the asset and liability method whereby future income tax assets and liabilities are recognized for temporary differences between the financial reporting and tax bases of assets and liabilities, and unused tax loss carry-forward amounts. The Corporation does not recognize the tax effect of certain temporary differences, principally with respect to temporary differences relating to investments in subsidiaries, to the extent the Corporation is able to control the reversal of the temporary difference and the temporary difference is not expected to reverse in the foreseeable future. The amount of future income tax assets and liabilities recognized is based on the expected manner and timing of realization or settlement of the carrying amount of assets and liabilities. Future income tax assets are recorded in the financial statements if realization is considered more likely than not. A valuation allowance is established, if necessary, to reduce any future income tax asset to an amount that is more likely than not to be realized. Future income 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.

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

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:

	2011	2010
Income before income taxes and the undernoted item:		
Canada	$ 18,325,727	$ 31,751,625
United States of America	8,725,851	–
	$ 27,051,578	$ 31,751,625
Combined statutory federal and Ontario corporate income tax rate	30.13%	32.75%
Provision for income taxes (recoverable) using statutory rate	$ 8,150,640	$ 10,398,657
Adjusted for the income tax effects of:		
Difference in tax rates applicable to subsidiaries	356,019	–
U.S. State taxes, net of U.S. federal benefit	199,728	–
Gain on acquisition of subsidiaries	(6,739,002)	–
Intercompany dividend eliminated on consolidation	(1,194,811)	–
Taxable portion of capital gain on expiration of warrants issued by Ceres, reported as contributed surplus	1,359,717	–
(Non-taxable portion of capital gains) non-deductible portion of capital losses	(250,663)	(3,092,357)
Non-deductible portion of unrealized losses on investments (non-taxable portion of unrealized gains on investments)	60,731	(2,827,904)
Future tax rate changes on temporary differences	535,316	684,725
Other	330,427	(419,008)
Change in valuation allowance on future income tax assets of Ceres	(618,120)	(4,744,113)
	(5,960,658)	(10,398,657)
Provision for income taxes	$ 2,189,982	$ –

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

	2011	2010
Canada		
Current	$ –	$ –
Future	215,838	–
	215,838	–
United States of America–Federal		
Current	1,905,676	–
Future	(228,881)	–
	1,676,795	–
United States of America–State		
Current	340,476	–
Future	(43,127)	–
	297,349	–
	$ 2,189,982	$ –

(b) Future income tax assets

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

	2011	2010
Future income tax assets		
Non-capital losses carried forward	**$ 2,080,624**	$ 178,723
Allowable capital losses carried forward	**2,028,255**	1,906,521
Deductible portion of deferred capital losses	**72,716**	1,373,693
Deductible portion of unrealized depreciation of investments	**957,377**	1,410,375
Future years' deductions for Share issue costs	**888,221**	1,508,427
Other temporary deductible differences, net of temporary taxable differences	**337,933**	14,265
Future tax assets, before valuation allowance	**6,365,126**	6,392,004
Valuation allowance	**(6,260,361)**	(6,392,004)
Net future income tax asset	**104,765**	–
Future income tax liability, property, plant and equipment	**(975,046)**	–
Net future income tax liability	**$ (870,282)**	$ –

(c) Tax losses carried forward

As at March 31, 2011, Ceres and a subsidiary (Riverland Agriculture, Limited) have accumulated non-capital losses in the amount of $7,509,286. The potential income tax benefit of Ceres' non-capital loss has not been recognized in the financial statements. The non-capital losses are being carried forward and, unless utilized, will expire in the following taxation years:

Year of expiry	Amount
2028	$ 591,209
2029	143,048
2031	6,775,029
	$ 7,509,286

As at March 31, 2011, capital losses in the amount of $11,111,910 are available indefinitely to be applied against capital gains of the Corporation in future taxation years. In addition, deferred capital losses in the amount of $524,080 arising on the disposition of certain investments, are only deductible for tax purposes against future capital gains when certain conditions are met. The potential income tax benefit of the capital losses has not been recognized in the financial statements.

15. 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 13(a) (Management fees and other expenses – management fees and incentive fees).

(b) Due to Manager

As at March 31, 2010, the Corporation has recognized and reported separately as a liability on the Balance Sheet any amount it owes to the Manager, representing costs and expenses paid by the Manager on behalf of the Corporation.

(c) Consulting fees

On December 2, 2009 and in the normal course of business, the Corporation entered into a contract with a firm co-owned by an individual who was a Director of the Corporation when the contract was executed, for services related to a research initiative in the agriculture industry. This individual resigned as a Director of the Corporation on February 8, 2010. For the year ended March 31, 2010, consulting fees related to this contract totalled $264,632. Of that amount, $57,497 is included with general and administrative expenses, and the remainder of $207,135 is included in portfolio transaction costs. The transaction was measured at the exchange amount.

16. EMPLOYEE BENEFIT PLAN

On January 1, 2009, Riverland Ag established a qualified 401(k) profit-sharing plan in the United States of America that covers all of its employees reaching 21 years of age and who have completed two months of service. Riverland Ag employees are permitted to make voluntary contributions under a 401(k) arrangement and Riverland Ag contributes a fully vested safe harbor non-elective matching contribution of 3 per cent of participants' eligible wages. For the period from June 12, 2010 to March 31, 2011, Riverland Ag's contribution was CAD$120,839 (USD$119,315).

17. CHANGES IN NON-CASH WORKING CAPITAL ACCOUNTS

	2011	2010
Increase in due from Broker, commodity futures contracts	$ (5,783,366)	$ –
Decrease in unrealized net gain on open cash contracts	1,449,430	–
Increase in accounts receivable	(4,785,305)	–
Decrease (increase) in dividends, interest and other receivables	247,578	(74,182)
Increase in inventories	(89,502,399)	–
Increase in prepaid expenses	(482,440)	(6,769)
Decrease in income taxes recoverable	(818,646)	(32,073)
Increase in accounts payable and accrued liabilities	2,163,178	37,477
Increase in management fees payable	63,444	62,648
(Decrease) increase in due to Manager	(969,916)	963,118
	$ (98,418,442)	$ 950,219

18. COMMITMENTS

(a) Lease Commitments

Riverland Ag leases its corporate offices, rail tracks, private sidings, and rights-of-way under operating leases with month-to-month renewals. Rental expense under operating leases was approximately USD$199,000 (approximately CAD$201,700) for the period from June 12, 2010 to March 31, 2011. The Company has minimum lease commitments totalling approximately USD$200,000 for fiscal year 2012.

(b) Other Commitments

Riverland Ag has non-cancellable commitments to purchase and sell grain commodities. These purchase and sell commitments are contracted on a short-term basis, typically one year or less, and totalled USD$28,000,000 and USD$46,700,000, respectively, as of March 31, 2011.

19. SEGMENTED INFORMATION

Effective June 12, 2010 (the date of the Acquisition of Riverland Ag), the Corporation changed its operations from an investment company to a company operating in one segment, being the grain industry in the North American market. This is now the basis on which the Corporation is managed.

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 and/or the Investment Advisor.

Riverland Ag, the operating subsidiary of Ceres, has capital requirements imposed by its lenders. As at March 31, 2011, Riverland Ag is required to comply with the following primary financial covenants and ratios, among others:

Revolving credit facility

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

Secured term loan

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

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

Directors

Gary P. Selke

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

Tom P. Muir

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

Brian Little [1, 2]

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

R. John Heimbecker [1, 2]

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

Mary F. Parniak [1, 2]

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

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

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

Corporate Information

Transfer Agent & Registrar

CIBC Mellon Trust Company
320 Bay Street
Toronto, Ontario
M5H 4A6

Solicitors

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

Auditors

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

Stock Exchange Listings

Toronto Stock Exchange
Symbol CRP

Annual Meeting

The annual meeting of shareholders of Ceres Global Ag Corp. is scheduled for Wednesday, September 14, 2011 at 11:00 a.m. at the Melinda Gallery at One King Street West, Toronto, Ontario, Canada M5H 1A1.

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