Unaudited Interim Condensed Consolidated Financial Statements of

CERES
GLOBAL AG CORP.

For the three-month and six-month periods ended September 30, 2013 and September 30, 2012

CERES GLOBAL AG CORP.
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CERES GLOBAL AG CORP.

Interim Condensed Consolidated Balance Sheets

(Unaudited)

	Note	September 30, 2013	March 31, 2013
ASSETS			
Current			
Cash		$ 10,832,190	$ 20,443,836
Portfolio investments owned, at fair value	4	5,098,122	6,488,254
Due from Brokers	5	8,438,352	11,943,310
Derivatives	10(a)	3,394,804	2,311,882
Accounts receivable, trade		16,492,701	13,215,771
Inventories, grains		124,461,210	164,750,108
Prepaid expenses and sundry assets		1,024,954	1,458,362
Current assets		**169,742,333**	**220,611,523**
Investments in associates		4,488,530	4,349,467
Intangible assets		309,090	304,800
Investment property	6	9,038,639	4,975,921
Property, plant and equipment	7	64,728,530	66,007,982
Non-current assets		**78,564,789**	**75,638,170**
TOTAL ASSETS		**$ 248,307,122**	**$ 296,249,693**
LIABILITIES			
Current			
Bank indebtedness	8	$ 89,339,332	$ 116,327,864
Accounts payable and accrued liabilities		22,040,272	5,296,033
Repurchase obligations	9	-	27,130,501
Derivatives	10(a)	361,996	1,627,645
Income taxes payable		-	260,539
Management fees payable	12(a)	7,504,479	250,763
Due to Manager	12(b)	820,000	268,565
Current liabilities		**120,066,079**	**151,161,910**
Non-current liability, deferred income taxes		199,673	207,272
TOTAL LIABILITIES		**120,265,752**	**151,369,182**
SHAREHOLDERS' EQUITY			
Common shares	11(d)	137,185,012	138,298,904
Warrants	11(d)	-	202,384
Contributed surplus		9,228,422	9,026,038
Currency translation account		291,526	(1,292,904)
Deficit		(18,663,590)	(1,353,911)
TOTAL SHAREHOLDERS' EQUITY		**128,041,370**	**144,880,511**
COMMITMENTS	16		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 248,307,122**	**$ 296,249,693**

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

ON BEHALF OF THE BOARD

"Harvey Joel" *Director* ***"Gary Mize"*** *Director*

CERES GLOBAL AG CORP.

Interim Condensed Consolidated Statements of Comprehensive Loss

For the three-month and six-month periods ended September 30

(Unaudited)

		3 months		6 months	
	Note	2013	2012	2013	2012
REVENUES		$ 74,378,249	$ 35,131,894	$ 144,091,591	$ 78,076,335
Cost of sales		(71,747,467)	(34,065,531)	(143,517,471)	(75,583,645)
GROSS PROFIT		**2,630,782**	**1,066,363**	**574,120**	**2,492,690**
General and administrative expenses	12(a)	(11,531,995)	(2,615,960)	(14,448,936)	(5,037,814)
LOSS FROM OPERATIONS		(8,901,213)	(1,549,597)	(13,874,816)	(2,545,124)
Finance (loss) income	10(a)	(1,862,684)	901,748	(1,672,229)	(1,463,106)
Finance expenses		(934,004)	(2,357,051)	(2,324,012)	(4,155,099)
LOSS BEFORE INCOME TAXES AND UNDERNOTED ITEM		**(11,697,901)**	**(3,004,900)**	**(17,871,057)**	**(8,163,329)**
Income taxes (recovery)		(234,224)	(1,504,931)	(204,134)	(2,588,701)
LOSS BEFORE UNDERNOTED ITEM		**(11,463,677)**	**(1,499,969)**	**(17,666,923)**	**(5,574,628)**
Share of net (loss) income in investments in associates		(224,103)	366,752	139,062	410,802
NET LOSS FOR THE PERIOD		**(11,687,780)**	**(1,133,217)**	**(17,527,861)**	**(5,163,826)**
Other comprehensive (loss) gain for the period					
(Loss) gain on translation of foreign currency accounts of foreign operations		(2,205,268)	(3,873,579)	1,584,430	(1,578,655)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**$ (13,893,048)**	**$ (5,006,796)**	**$ (15,943,431)**	**$ (6,742,481)**
WEIGHTED-AVERAGE NUMBER OF SHARES FOR THE PERIOD		**14,289,539**	**14,405,714**	**14,311,749**	**14,458,587**
LOSS PER SHARE					
Basic		**$ (0.82)**	**$ (0.08)**	**$ (1.22)**	**$ (0.36)**
Diluted		**$ (0.82)**	**$ (0.08)**	**$ (1.22)**	**$ (0.36)**
Supplemental disclosure of selected information:					
Depreciation included in Cost of sales		$ 695,596	$ 690,115	$ 1,390,133	$ 1,387,188
Depreciation included in General and administrative expenses		$ 37,615	$ 35,363	$ 76,088	$ 71,234
Amortization of financing costs included in Finance expenses		$ 112,152	$ 292,130	$ 222,684	$ 484,378
Personnel costs included in Cost of sales		$ 403,347	$ 468,216	$ 708,939	$ 884,091
Personnel costs included in General and administrative expenses		$ 101,794	$ 110,078	$ 196,858	$ 249,819

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

CERES GLOBAL AG CORP.
Interim Condensed Consolidated Statements of Cash Flows
For the three-month and six-month periods ended September 30
(Unaudited)

	Note	3 months 2013	3 months 2012 *(Note 17)*	6 months 2013	6 months 2012 *(Note 17)*
CASH FLOWS FROM OPERATING ACTIVITIES					
Net loss for the period		$ (11,687,780)	$ (1,133,217)	$ (17,527,861)	$ (5,163,826)
Adjustments for:					
Depreciation of property, plant and equipment		733,211	725,478	1,466,221	1,458,422
Realized gain on sale of property, plant and equipment		(176,786)	-	(176,786)	-
Change in fair value of investments		2,022,278	829,485	1,400,833	2,262,069
Finance expense		934,004	2,357,051	2,324,012	4,155,099
Income tax recovery		(234,224)	(1,504,931)	(204,134)	(2,588,701)
Share of net income in investments in associates		224,103	(366,752)	(139,062)	(410,802)
		(8,185,194)	907,114	(12,856,777)	(287,739)
Changes in non-cash working capital accounts	14	4,230,383	(105,981,067)	66,031,448	(88,123,370)
Interest paid		(806,005)	(1,810,879)	(2,322,678)	(3,471,134)
Income taxes (paid) recovered		(67,506)	(7,400)	(67,506)	1,003,000
Cash flow provided by (used in) operating activities		**(4,828,322)**	**(106,892,232)**	**50,784,487**	**(90,879,243)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments, investments sold short and options		-	-	-	(250,000)
Acquisition of, and costs capitalized on, investment property	6	(2,027,907)	(300,000)	(4,059,306)	(637,007)
Proceeds from sale of property, plant and equipment		1,496,071	-	1,496,071	-
Acquisition of property, plant and equipment	7	(549,426)	(710,148)	(617,166)	(943,953)
Cash flow used in investing activities		**(1,081,262)**	**(1,010,148)**	**(3,180,401)**	**(1,830,960)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Net (repayment of) proceeds from bank indebtedness		813,300	76,346,400	(28,862,400)	60,180,000
Net (repayment of) proceeds from repurchase obligations		-	39,998,570	(27,130,501)	39,998,570
Financing costs paid on amendment of revolving line of credit facility		-	(787,355)	-	(787,355)
Repayment of long-term debt		-	(1,256,945)	-	(2,532,575)
Change in restrcited cash		-	(6,157,208)	-	(6,157,208)
Repurchase of common shares under normal course issuer bid	11(b)	(895,710)	(659,352)	(895,710)	(1,423,317)
Cash flow provided by (used in) financing activities		**(82,410)**	**107,484,110**	**(56,888,611)**	**89,278,115**
Foreign exchange cash flow adjustment on accounts denominated in a foreign currency		**(168,592)**	**(193,200)**	**(327,121)**	**(167,449)**
Decrease in cash for the period		**(6,160,586)**	**(611,470)**	**(9,611,646)**	**(3,599,537)**
Cash, beginning of period		16,992,776	26,745,896	20,443,836	29,733,963
Cash, end of period		**$ 10,832,190**	**$ 26,134,426**	**$ 10,832,190**	**$ 26,134,426**

The accompanying notes are an integral part of these financial statements

CERES GLOBAL AG CORP.
Interim Condensed Consolidated Statements of Changes in Shareholders' Equity
For the six-month periods ended September 30
(Unaudited)

	Note	Common shares	Warrants	Contributed surplus	Currency translation account	Retained earnings (deficit)	Total
Balances, April 1, 2013		**$ 138,298,904**	**$ 202,384**	**$ 9,026,038**	**$ (1,292,904)**	**$ (1,353,911)**	**$ 144,880,511**
Changes in six-month period ended September 30, 2013							
Expiry of warrants, June 11, 2013	11(c)	-	(202,384)	202,384	-	-	-
Repurchases under normal course issuer bid	11(b)	(1,113,892)	-	-	-	218,182	(895,710)
Other comprehensive income		-	-	-	1,584,430	-	1,584,430
Net loss for the period		-	-	-	-	(17,527,861)	(17,527,861)
Balances, September 30, 2013		**$ 137,185,012**	**$ -**	**$ 9,228,422**	**$ 291,526**	**$ (18,663,590)**	**$ 128,041,370**
Balances, April 1, 2012		**$ 140,678,062**	**$ 202,384**	**$ 9,026,038**	**$ (3,290,879)**	**$ 9,284,048**	**$ 155,899,653**
Changes in six-month period ended September 30, 2012							
Repurchases under normal course issuer bid	11(b)	(2,204,532)	-	-	-	781,215	(1,423,317)
Other comprehensive income		-	-	-	(1,578,655)	-	(1,578,655)
Net loss for the period		-	-	-	-	(5,163,826)	(5,163,826)
Balances, September 30, 2012		**$ 138,473,530**	**$ 202,384**	**$ 9,026,038**	**$ (4,869,534)**	**$ 4,901,437**	**$ 147,733,855**

1. CORPORATE STATUS, REPORTING ENTITY AND NATURE OF OPERATIONS

Ceres Global Ag Corp. (hereinafter referred to as "Ceres" or the "Corporation") was incorporated on November 1, 2007, as amended on December 6, 2007, under the provisions of the *Business Corporations Act* (Ontario). Ceres is a corporation domiciled in Canada, and the address of its registered office is 33 Yonge Street, Suite 600, Toronto, Ontario, Canada, M5E 1G4. These interim condensed consolidated financial statements of Ceres as at and for the three-month and six-month periods ended September 30, 2013 and September 30, 2012 include the accounts of Ceres and its nine wholly owned subsidiaries. All intercompany transactions and balances have been eliminated.

Riverland Ag is an agricultural grain supply ingredient company that currently owns and operates ten storage and handling facilities in the states of Minnesota, New York, Wisconsin and the province of Ontario, with a combined licensed capacity of 50,000,000 bushels. Riverland Ag also manages two facilities in Wyoming on behalf of its customer-owner.

2. BASIS OF PREPARATION

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and with IAS 34 *Interim Financial Reporting* ("IAS 34"). Certain information and disclosures normally required to be included in notes to annual consolidated financial statements have been condensed or omitted. Accounting, estimation and valuation policies have been consistently applied to all periods presented herein, in accordance with IFRS.

These interim condensed consolidated financial statements were authorized for issue by the Audit Committee of the Board of Directors on November 13, 2013.

Functional and presentation currency

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

Basis of measurement

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

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

Use of estimates and judgments

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Interim condensed consolidated financial statements

These interim condensed consolidated financial statements should be read in conjunction with Ceres' audited consolidated financial statements for the year ended March 31, 2013. The Corporation's significant accounting policies were presented in Note 3 of those audited financial statements.

Changes in accounting policies

Commencing April 1, 2013, the Corporation adopted IFRS 10 *Consolidated Financial Statements*, as well as the consequential amendments to IAS 28 *Investments in Associates and Joint Ventures.* IFRS 10 provides a single model to be applied in the control analysis for all investees, and defines control as when an investor has power over an investee and has the ability to use its power over the investee to affect the amount of the investor's returns. The effect of the adoption of IFRS 10 on the Corporation's consolidated financial position or results of operations is not material.

Commencing April 1, 2013, the Corporation adopted IFRS 12 *Disclosures of Interests in Other Entities*, which integrates all of the disclosure requirements for interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities into a single standard. The required disclosures provide information to evaluate the nature of, and risks associated with, an entity's interest in other entities, and the effects of those interests on the entity's financial statements. The effect of the adoption of IFRS 12 is expected to result in certain additional disclosures in the Corporation's annual consolidated financial statements.

Commencing April 1, 2013, the Corporation adopted IFRS 13 *Fair Value Measurement*, which is effective prospectively for annual periods beginning on or after January 1, 2013. IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income. The effect of the adoption of IFRS 13 is expected to result in certain additional disclosures in the Corporation's annual consolidated financial statements.

Commencing April 1, 2013, the Corporation adopted the new disclosure requirements in IFRS 7 *Financial Instruments: Disclosures*. The effective date for the amendments to IFRS 7 is for annual periods beginning on or after January 1, 2013. These amendments are to be applied retrospectively. The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position; or subject to master netting arrangements or similar arrangements. The effect of the adoption of the new disclosure requirements in IFRS 7 is reflected in Note 5 (Due from (to) Brokers).

4. PORTFOLIO INVESTMENTS

	September 30, 2013	March 31, 2013
Total fair value	$ 5,098,122	$ 6,488,254
Total cost	$ 13,396,506	$ 13,396,506

5. DUE FROM (TO) BROKERS

Due from Brokers for Ceres' portfolio investments represents amounts at the custodian brokers from settled and unsettled trades.

Due from Brokers for Riverland Ag for commodity futures and options contracts represents margin deposits and open trade equity maintained by a broker in connection with such contracts. Amounts due from Brokers are offset by amounts due to the same Brokers, under the terms and conditions of enforceable master netting arrangements in effect with all brokers, through which Riverland Ag executes its transactions and for which Riverland Ag intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

As at September 30, 2013 and March 31, 2013, the amounts due from Brokers represent the following:

	September 30, 2013	March 31, 2013
Amounts due from Brokers, for margin deposits and unrealized gains on future contracts and options	$ 14,061,009	$ 14,448,802
Amounts due to Brokers, for unrealized losses on future contracts and options, in excess of margin deposits	(5,622,657)	(2,505,492)
	$ 8,438,352	**$ 11,943,310**

6. INVESTMENT PROPERTY

Investment property is stated at cost. Investment property includes land currently in development, and being held for capital appreciation and not otherwise utilized by Ceres. On initial recognition, investment property is measured at cost, including directly attributable expenditures that are capitalized on the basis it is probable that future economic benefits associated with the expenditure related to the investment property will flow to Ceres and the cost of such expenditure can be measured reliably. As at September 30, 2013, management has determined that the fair value of investment property approximates cost, on the basis that investment property was acquired recently and there are no significant conditions that would indicate that fair value varies materially from cost. As at the date of preparation of these interim condensed consolidated financial statements, Ceres has not engaged an independent valuator to determine the fair value of investment property.

For the six-month period ended September 30, 2013 and for the year ended March 31, 2013, changes to the investment property are as follows:

	September 30, 2013	March 31, 2013
Investment property, cost as at beginning of period	$ 4,975,921	$ 2,900,582
Investment property additions	10,350	830,993
Costs capitalized	4,048,956	1,240,727
	4,059,306	2,071,720
Foreign currency translation adjustments	3,412	3,619
Investment property, cost as at end of period	**$ 9,038,639**	**$ 4,975,921**

7. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2013	March 31, 2013
Buildings and silos/elevators	$ 61,109,182	$ 61,607,549
Machinery and equipment	3,989,940	3,835,820
Furniture, fixtures, office equipment, computer software, and other property, plant and equipment	1,993,575	1,728,162
Land	5,831,700	5,810,194
	72,924,397	72,981,725
Less: accumulated depreciation	(8,195,867)	(6,973,743)
	$ 64,728,530	**$ 66,007,982**

For the six-month period ended September 30, 2013, acquisitions of property, plant and equipment totaled $617,166 and for the quarter then ended, acquisitions of property, plant and equipment totaled $549,426 (six-month period ended September 30, 2012: $943,953; quarter ended September 30, 2012: $710,148). During the quarter ended September 30, 2013, certain property, plant and equipment was sold for proceeds of $1,496,071, realizing a gain of $176,786.

8. BANK INDEBTEDNESS

Riverland Ag has a revolving credit agreement with a lender based in the United States of America, for a syndicated committed facility of USD$180 million, and secured by predominantly all assets of Riverland Ag, including cash but excluding property, plant and equipment. The obligation is guaranteed by Riverland Ag and by Ceres Canada Holding Corp., Ceres U.S. Holding Corp., and Riverland Canada. The credit agreement is subject to borrowing base limitations. The agreement may be extended by mutual agreement of Riverland Ag and the lenders prior to the expiration of the agreement.

For the period from April 1, 2012 to July 30, 2012, borrowings were subject to interest at LIBOR plus 4.00 per cent, with interest calculated and paid monthly. Thereafter, and pursuant to the amended and restated agreement, borrowings were subject to interest at LIBOR plus 3.75 per cent, with interest calculated and paid monthly. The credit agreement is subject to certain commitment fees based on a graduated scale depending on the amount of the credit facility that remains undrawn. The commitment fees are payable quarterly in arrears on the average daily undrawn amount.

As described in Note 15 (Management of capital), this credit facility has certain covenants pertaining to the accounts of Riverland Ag. As at September 30, 2013 and March 31, 2013, Riverland Ag was in compliance with all debt covenants.

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

	September 30, 2013		March 31, 2013	
	in USD	in CAD	in USD	in CAD
Revolving line of credit	$ 87,000,000	$ 89,636,100	$ 115,000,000	$ 116,840,000
Unamortized financing costs	(288,040)	(296,768)	(504,071)	(512,136)
	$ 86,711,960	**$ 89,339,332**	**$ 114,495,929**	**$ 116,327,864**

9. REPURCHASE OBLIGATIONS

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

As at September 30, 2013, Riverland Ag had no liability under this product financing arrangement with MCUSA.

10. FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments

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

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

	September 30, 2013	March 31, 2013
Derivative assets		
Unrealized gains on open cash contracts	$ 3,394,804	$ 2,301,181
Unrealized gain on forward foreign exchange contracts	-	10,701
	$ 3,394,804	**$ 2,311,882**
Derivative liabilities		
Unrealized losses on open cash contracts	**$ (361,996)**	**$ (1,627,645)**

For the three-month and six-month periods ended September 30, 2013 and 2012, finance income (loss) includes the following:

	3 months		6 months	
	2013	2012	2013	2012
Interest and other revenues	$ 1	$ 2	$ 3	$ 117
Realized gain on sale of property, plant and equipment	176,786	-	176,786	87,926
Realized loss on currency-hedging transactions	-	1,750,070	(468,891)	719,217
Realized and unrealized gain on foreign exchange	(17,193)	(18,839)	20,706	(8,297)
Change in fair value of investments	(2,022,278)	(829,485)	(1,400,833)	(2,262,069)
	$ (1,862,684)	**$ 901,748**	**$ (1,672,229)**	**$ (1,463,106)**

10. FINANCIAL INSTRUMENTS (continued)

(b) Management of financial instruments risks

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

Price risk

As at September 30, 2013 and March 31, 2013, the Corporation's market risk pertaining to portfolio investments is potentially affected by two main components, being changes in actual market prices and changes in foreign exchange rates. The Corporation's sensitivity to foreign currency movements is reported below (Currency risk).

Notwithstanding these factors, the following is a summary of the effect on the results of operations of the Corporation, if the bid or ask prices of each of the portfolio investments (including investments owned, short sales and written options) as at September 30, 2013 and March 31, 2013 had increased or decreased by 10 per cent, with all other variables remaining constant:

	September 30, 2013		March 31, 2013	
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	$ 510,028	$ 0.04	$ 648,825	$ 0.05
10% decrease in bid-ask prices	$ (509,636)	$ (0.04)	$ (648,825)	$ (0.05)

Commodity risk

The following is a summary of the effect on the results of operations of the Corporation, if the fair value of each of the open cash contracts as at September 30, 2013 and March 31, 2013 had increased or decreased by 5 per cent, with all other variables remaining constant:

	September 30, 2013		March 31, 2013	
Change in bid/ask prices of commodities	Increase (decrease) in net income	Increase (decrease) in earnings per share	Increase (decrease) in net income	Increase (decrease) in earnings per share
5% increase in bid-ask prices	$ 376,098	$ 0.03	$ 1,658,491	$ 0.12
5% decrease in bid-ask prices	$ (376,098)	$ (0.03)	$ (1,658,491)	$ (0.12)

10. FINANCIAL INSTRUMENTS (continued)

(b) Management of financial instruments risks (continued)

Interest rate risk

As at September 30, 2013 and March 31, 2013, Riverland Ag has a variable rate interest-bearing liability in the form of its revolving credit facility. As disclosed in Note 8 (Bank indebtedness), Riverland Ag's revolving credit facility bears interest at an annual rate of LIBOR plus 3.75 per cent. As at September 30, 2013 and March 31, 2013, management has determined the effect on the future results of operations of the Corporation, if the variable interest rate component applicable on those dates on the revolving credit facility were to increase by 25 basis points ("25 bps") as at those dates respectively, using the balance of the revolving credit facility payable as at those dates, using the number of shares then issued and outstanding, and with all other variables remaining constant. On that basis, the potential effects on the future result of operations would be as follows:

	September 30, 2013		March 31, 2013	
Change in interest rate on revolving facility	Decrease in net income	Decrease in earnings per share	Decrease in net income	Decrease in earnings per share
25 bps increase in annual interest rate	$ (224,090)	$ (0.02)	$ (292,100)	$ (0.02)

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 September 30, 2013 and March 31, 2013, the Corporation is subject to credit risk concerning cash, amounts due from brokers, trade accounts receivable, and to the extent that certain open cash contracts for grain commodities as at those dates gave rise to unrealized gains thereon. The maximum exposure to credit risk on those assets is limited to the carrying value of those assets.

Riverland Ag uses various grain contracts as part of its overall grain merchandising strategies. Performance on these contracts is dependent on delivery of the grain or a customer buy-out. There is counter-party risk associated with non-performance, which may have the potential of creating losses for the Corporation. The Corporation's management has assessed the counter-party risk and believes that insignificant losses, if any, would result from non-performance.

Riverland Ag regularly evaluates its credit risk concerning its trade accounts receivable to the extent that such receivables may be concentrated in certain industries or with significant customers. Riverland minimizes this risk by having a diverse customer base and established credit policies. The aging of Riverland Ag's trade accounts receivable are substantially current. Based on its review and assessment of its trade accounts receivable, management of Riverland Ag has determined that no allowance for doubtful accounts is warranted, and management is confident in its ability to collect outstanding trade accounts receivable.

10. FINANCIAL INSTRUMENTS (continued)

(b) Management of financial instruments risks (continued)

Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments, as at September 30, 2013 and March 31, 2013:

September 30, 2013	Carrying amount	Contractual cash flows	1 year	2 years	3 to 5 years	More than 5 years
Bank indebtedness	$ 89,339,332	$ 89,636,100	$ 89,636,100	$ -	$ -	$ -
Accounts payable and accrued liabilities	22,040,272	22,040,272	22,040,272	-	-	-
Derivatives	361,996	361,996	361,996	-	-	-
Management fees payable	7,504,479	7,504,479	7,504,479	-	-	-
Due to Manager	820,000	820,000	820,000	-	-	-
	$ 120,066,079	$ 120,362,847	$ 120,362,847	$ -	$ -	$ -

March 31, 2013	Carrying amount	Contractual cash flows	1 year	2 years	3 to 5 years	More than 5 years
Bank indebtedness	$ 116,327,864	$ 116,840,000	$ 116,840,000	$ -	$ -	$ -
Accounts payable and accrued liabilities	5,296,033	5,296,033	5,296,033	-	-	-
Repurchase obligations	27,130,501	27,130,501	27,130,501	-	-	-
Derivatives	1,627,645	1,627,645	1,627,645	-	-	-
Income taxes payable	260,539	260,539	260,539	-	-	-
Management fees payable	250,763	250,763	250,763	-	-	-
Due to Manager	268,565	268,565	268,565	-	-	-
	$ 151,161,910	$ 151,674,046	$ 151,674,046	$ -	$ -	$ -

10. FINANCIAL INSTRUMENTS (continued):

(b) Management of financial instruments risks (continued)

Currency risk

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

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

	September 30, 2013		March 31, 2013	
Currency	Net asset exposure	Net forward contracts (to sell foreign currency)	Net asset exposure*	Net forward contracts (to sell foreign currency)
U.S. dollars	$ 537,484	$ -	$ 537,484	$ 30,000,000
Australian dollars	$ 812	$ -	$ 809	$ -

*Exposure excludes the effect of forward foreign exchange contracts.

As at September 30, 2013, Ceres had no commitment concerning any forward foreign exchange contract. As at March 31, 2013, Ceres was committed to a forward foreign exchange contract executed on March 27, 2013 and due April 30, 2013, in the amount noted in the preceding table.

The following is a summary of the effect on the results of operations of the Corporation if the CAD had become 5 per cent stronger or weaker against each of the other currencies as at September 30, 2013 and March 31, 2013, with all other variables remaining constant, related to assets and liabilities denominated in foreign currencies and to the forward foreign exchange contracts:

	September 30, 2013		March 31, 2013	
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	$ (26,372)	$ (0.002)	$ 1,498,554	$ 0.10
CAD 5% weaker	$ 29,148	$ 0.002	$ (1,495,812)	$ (0.10)

10. FINANCIAL INSTRUMENTS (continued):

(c) Fair value measurements

The following is a summary of the classification of financial assets and liabilities carried at fair value using the hierarchy of inputs prescribed by IFRS 13 *Fair value measurement*:

September 30, 2013	Level 1	Level 2	Level 3	Totals
Equities, long	$ 4,250,193	$ -	$ 847,929	$ 5,098,122
Due from broker, unrealized gains on futures and options	1,060,305	-	-	1,060,305
Derivative assets	-	3,394,804	-	3,394,804
Inventories, grains	-	118,511,724	-	118,511,724
Derivative liabilities	-	(361,996)	-	(361,996)
Provision for additional payments to the Manager	-	(1,400,000)	-	(1,400,000)
	$ 5,310,498	$120,144,532	$ 847,929	$ 126,302,959

During the period, equities having a fair value of $718,685 were transferred from Level 2 to Level 1. This transfer occurred when restricted shares acquired by the Corporation were converted into unrestricted common shares (in the normal course of business and following a hold period).

The following is a reconciliation of the changes in the equities, long, measured at fair value using unobservable inputs (Level 3), for the six-month period ended September 30, 2013:

Balance, April 1, 2013	$ 1,688,919
Transfer from Level 3 to Level 2	-
Net purchase	-
Change in fair value of Level 3 portfolio investments	(840,990)
	$ 847,929

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

11. SHARE CAPITAL AND WARRANTS

(a) Authorized

Unlimited number of voting, participating Common Shares, without par value.

(b) Normal Course Issuer Bids

2011-2012 Normal Course Issuer Bid

On October 13, 2011, Ceres announced a normal course issuer bid ("the 2011-2012 NCIB") commencing on October 17, 2011. For the period from April 1, 2012 to September 30, 2012, Ceres purchased 228,500 Shares under the 2011-2012 NCIB for an aggregate consideration of $1,423,317. The stated capital value of these repurchased Shares was $2,204,532. The excess of the stated capital value of the repurchased Shares over the cost thereof, being $781,215, has been allocated to Retained Earnings in the six-month period ended September 30, 2012.

2013-2014 Normal Course Issuer Bid

On July 9, 2013, Ceres announced a normal course issuer bid ("the 2013-2014 NCIB") commencing on July 11, 2013. Using the facilities of the TSX and in accordance with its rules and policies, Ceres intended to purchase up to 946,963 of its common Shares, representing approximately 10 per cent of its unrestricted public float as at July 5, 2013. For the period from July 11, 2013 to September 30, 2013, Ceres purchased 115,455 Shares under the 2013-2014 NCIB for an aggregate consideration of $895,710. The stated capital value of these repurchased Shares was $1,113,892. The excess of the stated capital value of the repurchased Shares over the cost thereof, being $218,182, has been allocated to Retained Earnings in the six-month period ended September 30, 2013.

(c) Expiry of Common Share Purchase Warrants

On June 11, 2013, the Common Share Purchase Warrants (collectively the "Warrants") that were issued on June 11, 2010 to the vendors of Riverland Ag, expired and were cancelled. The Corporation allocated the aggregate stated capital value of the Warrants of $202,384 to Contributed Surplus.

11. SHARE CAPITAL AND WARRANTS (continued)

(d) Issued and outstanding as at September 30, 2013 and March 31, 2013

The following is a summary of the changes in the Common Shares and Warrants during the year ended March 31, 2012 ("FYE 2013") and for the six-month period ended September 30, 2013 ("FYTD 2014"):

	Common shares		Warrants	
	#	$	#	$
Balances, April 1, 2012	**14,581,299**	**$ 140,678,062**	**150,000**	**$ 202,384**
Changes in FYE 2013				
Repurchases under normal course issuer bid	(246,600)	(2,379,158)	-	-
Balances, March 31, 2013	**14,334,699**	**$ 138,298,904**	**150,000**	**$ 202,384**
Changes in FYTD 2014				
Expiry of Warrants, June 11, 2013	-	-	(150,000)	(202,384)
Repurchases under normal course issuer bid	(115,455)	(1,113,892)	-	-
Balances, September 30, 2013	**14,219,244**	**$ 137,185,012**	**-**	**$ -**

12. MANAGEMENT FEES AND OTHER EXPENSES

(a) Management fees

The following table presents information concerning management fee expense charged to the accounts of the Corporation for the three-month and six-month periods ended September 30, 2013 and 2012:

Management fees and related expenses	3 months		6 months	
	2013	2012	2013	2012
Management fees and related HST	$ 764,921	$ 782,934	$ 1,543,249	$ 1,586,606
Provision for management transition payment and related HST	5,650,000	-	5,650,000	-
Provision for additional payments to the Manager and related HST	1,582,000	-	1,582,000	-
	$ 7,996,921	**$ 782,934**	**$ 8,775,249**	**$ 1,586,606**

12. MANAGEMENT FEES AND OTHER EXPENSES (continued)

(a) Management fees (continued)

On August 23, 2013, Ceres announced it had entered into a Management Transition Agreement (the "Transition Agreement") with Front Street Capital (the "Manager"), which provides, among other things and subject to shareholder approval, for the early termination of the Management Agreement. The Transition Agreement was approved by the shareholders at the annual and special meeting held on September 27, 2013. The Transition Agreement provides for the following:

- The Management Agreement shall be terminated effective November 30, 2013;
- Monthly management fee payments to the Manager will end September 30, 2013;
- On October 1, 2013, Ceres will pay the Manager $5 million plus HST of $650,000;
- The Manager will be paid an additional $1 million if the five-day volume-weighted average price of Ceres' common shares (the "5-day VWAP") reaches $10 within five years, and a further $1 million if the 5-day VWAP reaches $11 during that 5-year period;
- The additional payments will become payable immediately if, prior to the fifth anniversary of the date of the Transition Agreement, there occurs either a change in control or a going private transaction for a price in excess of $7.85 per share;
- Ceres will deposit into an escrow fund five per cent of any gross sale proceeds in excess of net book value and direct transaction costs from the sale of any of Ceres' assets, to a maximum amount of $1 million, and such escrow fund shall be paid to the Manager if the 5-day VWAP does not reach $10 within five years;
- Until November 30, 2013, or such earlier date as Ceres may determine, the Manager will continue to provide existing services and support to the Corporation, including the services of the Chief Financial Officer and the Chief Transaction Officer with no additional management fee payable to the Manager after September 30, 2013; and
- Ceres will continue to be responsible for all other third-party costs and out-of-pocket costs consistent with past practice.

Management has determined that, as at September 30, 2013, the fair value of the additional payments provided for under the Transition Agreement is $1.40 million plus HST of $182,000. The fair value of each of the additional payments was determined using the binomial options pricing model, with a term of five years, using volatility of 40 per cent and a risk-free interest rate of 1.90 per cent. For the three-month and the six-month periods ended September 30, 2013, the accounts of the Corporation include a provision for the management transition payment and the additional payments plus related HST.

As at September 30, 2013 and March 31, 2013, the current liability for management fees payable includes the following:

	September 30, 2013	March 31, 2013
Management fees payable and related HST	$ 272,479	$ 250,763
Provision for management transition payment and related HST	5,650,000	-
Provision for additional payments and related HST	1,582,000	-
	$ 7,504,479	**$ 250,763**

12. MANAGEMENT FEES AND OTHER EXPENSES (continued)

(a) Management fees (continued)

The Corporation has negotiated an agreement with the Manager, whereby the Manager will continue to provide the management services of the Chief Financial Officer (the "CFO") for the period from December 1, 2013 to March 31, 2014 (the "Term"). The monthly fee for this arrangement shall be $25,000 plus HST. If, in its sole discretion, Ceres determines it no longer requires the management services of the CFO at any time during the Term, the CFO will immediately cease performing his duties and the monthly fee will be reduced by 50% for the remainder of the Term.

(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 payable to the Manager, Ceres 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 Ceres. As at September 30, 2013, the amount of $820,000 was due to the Manager (March 31, 2013: $268,565).

13. RELATED PARTY TRANSACTIONS

(a) Management fees

The amounts charged to operations related to management fees have been reported in Note 12(a) (Management fees and other expenses – management fees).

(b) Key management personnel

The Corporation has defined key management personnel as senior executive officers, as well as the members of the Board of Directors, as they collectively have the authority and responsibility for planning, directing and controlling the activities of the Corporation and its subsidiaries. The following table summarizes total compensation expense for key management personnel for the three-month and six-month periods ended September 30, 2013 and 2012:

	3 months		6 months	
	2013	2012	2013	2012
Salaries and other compensation, senior executive officers	$ 328,685	$ 182,941	$ 520,554	$ 368,602
Personnel costs, senior executive officers	10,107	21,364	20,068	32,028
Directors' fees	49,625	34,903	187,968	69,718
	$ 388,417	**$ 239,208**	**$ 728,590**	**$ 470,348**

14. CHANGES IN NON-CASH WORKING CAPITAL ACCOUNTS

	3 months		6 months	
	2013	2012	2013	2012
(Increase) decrease in due from Broker, commodity futures contracts	$ (1,848,153)	$ (808,535)	$ 3,674,840	$ (6,256,782)
Increase in net derivative assets	(2,169,121)	(272,840)	(2,350,933)	(1,843,305)
Decrease (increase) in accounts receivable	3,301,775	465,514	(3,092,422)	875,386
(Increase) decrease in inventories	(18,880,912)	(116,593,187)	42,628,401	(94,449,873)
Decrease (increase) in prepaid expenses and sundry assets	274,690	(6,577)	451,060	670,998
Increase in accounts payable and accrued liabilities	16,815,144	11,239,881	16,915,351	12,954,697
Increase (decrease) in management fees payable	7,238,145	(23,521)	7,253,716	(37,689)
(Decrease) increase in due to Manager	(501,185)	18,198	551,435	(36,802)
	$ 4,230,383	**$ (105,981,067)**	**$ 66,031,448**	**$ (88,123,370)**

15. MANAGEMENT OF CAPITAL

Riverland Ag, the operating subsidiary of Ceres, has capital requirements imposed by its lenders. As at September 30, 2013, Riverland Ag is required to comply with the following primary financial covenants and ratios concerning the revolving credit facility (Note 8), including the maintenance of:

(a) the ratio of "consolidated debt" to "consolidated tangible net worth" (as defined by the agreement) of not more than 4.0 to 1.0;
(b) consolidated working capital of not less than USD$30 million; and
(c) consolidated tangible net worth of not less than USD$90 million.

As at September 30, 2013 and March 31, 2013, Riverland Ag was in compliance with all debt covenants for the revolving credit facility.

16. COMMITMENTS

On June 3, 2013, Ceres authorized the commencement of site preparation work for a commodity logistics hub planned for Northgate, Saskatchewan, on land currently owned by Ceres. Pursuant to an agreement with a partner concerning this project, Ceres is currently responsible for 50 per cent of the cost of the site preparation work phase. As at September 30, 2013, Ceres' share of the total cost of the site preparation work is projected to be approximately $1.3 million.

17. COMPARATIVE FIGURES

Investment property

As at December 31, 2012, land acquired by certain subsidiaries has been determined to be investment property (Note 6). As at September 30, 2012, such land was classified with property, plant and equipment. As such, figures for the three-month and six-month periods ended September 30, 2012 on the consolidated statement of cash flows have been reclassified to reflect this change. In management’s opinion, this presentation provides users with more reliable and relevant information, as this reclassification is to distinguish investment property assets from property, plant and equipment currently used in a productive capacity.

These changes have no effect on consolidated net loss, consolidated comprehensive loss or consolidated retained earnings (deficit).