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**VITERRA REPORTS SECOND QUARTER AND SIX MONTH PROFITS**

A strong performance from North American agri-products operations, combined with new contributions from Australia led to significant increases in both revenue and gross profit for the second quarter and first six months of fiscal 2010.

Despite decreases in commodity prices relative to last year, Viterra's consolidated sales and other operating revenues increased by \$440.1 million to \$2.0 billion in the second quarter bringing year-to-date revenues to \$3.8 billion, up 28.2% or \$844.1 million relative to the first six months of fiscal 2009.

EBITDA (refer to Section 10.0 entitled Non-GAAP Measures for the definition) for the quarter was \$93.2 million up 9.2% from the prior year's second quarter, reflecting higher gross margins for the Corporation, partially offset by additional operating general and administrative expenses associated with the Australian business. For the first six months of fiscal 2010, Viterra generated EBITDA of \$183.0 million compared to \$79.0 million a year earlier.

EBITDA from Viterra's North American operations was \$65.0 million for the second quarter and \$88.2 million for the first six months of the fiscal year. This compares to EBITDA of \$85.4 million in the quarter and \$79.0 million in the first half of fiscal 2009. The EBITDA increase of \$9.2 million on a year-to-date basis primarily reflects increased contributions from the Company's agri-products operations, offsetting lower contributions, as expected, from the North American grain handling business.

EBITDA contributions from the Company's Australian operations were \$28.2 million in the second quarter and \$94.8 million in the first six months of the fiscal year, reflecting strong Australian grain receivals in the first quarter, second quarter shipping delays, and lower-than-planned merchandising contributions due to global competitive pressures.

Viterra's second quarter net earnings were \$18.4 million, which compares to net earnings of \$26.3 million in the same three-month period of 2009. For the first six months of this fiscal year, earnings were \$29.1 million, compared to a net loss of \$6.6 million in the same period a year earlier. The results for the first six months of fiscal 2010 were higher than the comparable period due to \$23.1 million in net earnings from Viterra Australia. In addition, last year Viterra recorded \$25.4 million of after-tax negative items (\$19.4 million fertilizer inventory write-down and \$6.0 million loss on disposal).

Earnings per share amounts for the quarter were \$0.05 per share (2009 - \$0.11 per share) and for the first six months of 2010 were 0.08 per share (2009 - \$0.03 loss per share). Readers should note that Viterra's earnings per share information reflect a year-over-year increase in the number of issued and outstanding shares of 134.5 million. The weighted average number of shares outstanding for the quarter and six months ended April 30, 2010 were 371.6 million, compared to 237.1 million for the three and six months at April 30, 2009.

President and Chief Executive Officer, Mayo Schmidt said, "Overall performance in the first half of 2010 has been solid as we prepare ourselves for what is shaping up to be a busy second half of the fiscal year. In Australia, integration is on track. Operationally, we have recently seen demand through our shipping system increase steadily and have experienced heavy movement through the month of May, which we expect will continue into June. From a spring seeding perspective, South Australia has had good moisture with widespread rain in late May, providing an excellent start for seeding in that region. In our North America operation, we are on track for solid grain movement for the remainder of the year. Some farmers have had challenges with excessive wet weather recently, particularly in the Northeast part of Saskatchewan. We are supporting them by positioning our people, resources and early maturing agri-products in an effort to maximize seeded acreage over the next two weeks."

### **Second Quarter and Year-to-Date Operating Highlights**

Viterra's second quarter North American grain shipments were 4.0 million tonnes compared to 4.6 million tonnes for the same period in 2009 bringing the year-to-date total to 7.6 million tonnes, down slightly from 8.4 million tonnes shipped in the first six months of 2009 when the industry experienced record grain production. North American margins per tonne on a quarterly and year-to-date basis were in line with management's expectations, down slightly due to the shipments variance and the impact of lower commodity prices on the value of cleaning and blending revenues.

Grain shipments for Viterra Australia were 1.2 million tonnes in the quarter, bringing the year-to-date total to 1.9 million tonnes. Viterra shipped approximately 35% of that volume for its own account. Margins in that business were lower than expectations due to the impact of slower than normal movement in the first half of 2010 on merchandising and handling charges.

EBITDA from the Company's Grain Handling and Marketing Segment was \$73.6 million for the second quarter, comparable to the \$77.0 million generated in the second quarter of fiscal 2009. For the first six months of the fiscal year, the segment contributed EBITDA of \$183.3 million, compared to \$124.9 million a year earlier.

In Viterra's Agri-products, overall sales for the quarter increased 63% or \$170.0 million to \$440.3 million relative to the second quarter last year, reflecting increased seed, crop protection and fertilizer sales, due to favourable weather conditions in April.

EBITDA from the Company's Agri-product segment recovered significantly from the previous year to \$30.0 million for the quarter, compared to \$18.2 million in 2009. On

a year-to-date basis, the segment reported EBITDA of \$18.1 million, compared to a loss of \$22.9 million in 2009, which also included a \$28.1 million fertilizer write-down.

Sales in Viterra's Processing segment rose \$72.9 million to \$303.1 million for the second quarter, a reflection of new contributions from the Australian malt business, Viterra's canola crush plant purchased in June last year and the addition of the New Zealand feed business. Sales for the first six months of 2010 were \$614.6 million compared to \$476.0 million in the same period a year ago.

On an EBITDA basis, the Processing segment generated \$22.7 million for the quarter and \$45.9 million for the first half of 2010, up \$13.1 million and \$24.6 million respectively. The increases reflect new contributions from Australian malt and New Zealand feed.

Additional detail on segment results can be found in Management's Discussion and Analysis in Sections 3.0 and 4.0.

Cash flow provided by operations for the first six months of fiscal 2010 was \$111.0 million compared to \$59.8 million a year earlier or \$0.30 per share and \$0.25 per share respectively. For the first six months of fiscal 2010, free cash flow (refer to Section 10.0 entitled Non-GAAP Measures for the definition) more than doubled to \$66.9 million from \$30.4 million in fiscal 2009.

Viterra's balance sheet at April 30, 2010, remained strong with total debt-to-capital and long-term debt to capital of 27.4% and 26.0%, respectively. Subsequent to quarter end, on May 5, 2010, Moody's Investor Service assigned a Ba1 rating to the Company's proposed \$500.0 million Senior Unsecured Notes. On May 19, 2010, Standard and Poor's raised the rating on the Senior Unsecured Notes to BBB-, an investment grade rating, the second investment grade rating on Viterra's debt securities.

Mayo Schmidt added, "We are in a position of strength for Fiscal 2011 given the initial outlook for healthy crop production around the world. As a significant owner of key grain handling and marketing assets in both hemispheres, volume is a key driver in Viterra's ability to maximize efficiencies and earnings. From an agri-products perspective, we expect demand to remain strong next year as producers look to increase yields. Profitability in this segment will depend somewhat on commodity pricing levels, particularly for fertilizer, which we believe, consistent with industry views, will strengthen with the growth for food and food ingredients around the world. Finally, with the expansion of Viterra's processing capabilities and the integration efforts that we are undertaking to ensure operational excellence in all aspects of our business, we remain firmly focused on delivering strong financial performance and increased shareholder value."

Viterra will be hosting a conference call for interested parties on June 9, 2010 at 1:15 p.m. Toronto time, 11:15 a.m. Calgary time to discuss its Second Quarter Financial Report. Details are available on Viterra's website, under Newsroom at viterra.ca.

Certain statements in this news release are forward-looking statements and reflect Viterra's expectations regarding future results of operations, financial condition and achievements. All statements that address activities, events or developments that

Viterra or its management expects or anticipates will or may occur in the future, including such things as growth of its business and operations, competitive strengths, strategic initiatives, planned capital expenditures, plans and references to future operations and results, critical accounting estimates and expectations regarding future capital resources and liquidity of the Company and such matters, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance and achievements of Viterra to be materially different from any future results, performance and achievements expressed or implied by those forward-looking statements. A number of factors could cause actual results to differ materially from expectations. These factors and assumptions are further detailed in Viterra's Second Quarter Financial Report.

### About Viterra

Viterra Inc. provides premium quality ingredients to leading global food manufacturers. Headquartered in Canada, the global agribusiness has extensive operations across Western Canada, Australia, and New Zealand, with Adelaide, Australia as the base for Viterra's Southeast Asian operations. Our growing international presence also extends to operations in the United States, as well as offices in Japan, Singapore, China and Switzerland. Driven by an entrepreneurial spirit we operate in three interrelated business areas: grain handling and marketing, agri-products, and processing. Our expertise, close relationships with producers, and superior logistical assets allow the Company to consistently meet the needs of the most discerning end-use customers, helping to fulfill the nutritional needs of people around the world.

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# VITERRA

## SECOND QUARTER FINANCIAL REPORT – APRIL 30, 2010 MANAGEMENT'S DISCUSSION AND ANALYSIS

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## **1.0 Responsibility for Disclosure**

Management's Discussion and Analysis ("MD&A") was prepared based on information available to Viterra Inc. (referred to herein as "Viterra" or the "Company") as of June 8, 2010. Management prepared this report to help readers interpret Viterra's consolidated financial results for the three months and six months ended April 30, 2010 and April 30, 2009.

To support the discussion, this report includes information with respect to the agri-business industry, the markets in which the Company operates and trends that may affect operating and financial performance into the future. Please read this report in conjunction with Viterra's 2009 Annual Financial Review, the 2009 Business Review and the 2009 Annual Information Form, which are available on Viterra's website at [viterra.ca](http://viterra.ca), as well as on SEDAR's website at [sedar.com](http://sedar.com), under Viterra Inc.

This MD&A, the unaudited Consolidated Balance Sheets, Statements of Earnings (Loss), Statements of Cash Flows, Statements of Comprehensive Income (Loss), Statements of Shareholders' Equity and Notes to the Consolidated Financial Statements have been prepared in accordance with Canadian GAAP and are presented in Canadian dollars ("CAD") unless specifically stated to the contrary.

## **2.0 Company Overview**

Viterra is a vertically integrated global agri-business headquartered in Canada with operations in North America, Australia and New Zealand.

On September 23, 2009, the Company expanded its operations into the southern hemisphere through the acquisition of all of the issued and outstanding common shares of ABB Grain Ltd. (referred to herein as "ABB", "Viterra Australia" or "Viterra"), an Australian based agri-business.

As a major participant in the value-added agri-food supply chain, Viterra's core businesses are organized among three primary segments: Agri-products sales and services (including financial products), Grain Handling and Marketing, and Processing (which includes both food and feed manufacturing). The consolidation of these segments, beginning in the first quarter of 2010, was done to better align Viterra's external reporting with its internal operating structure.

Geographically, Viterra's operations are diversified across Western Canada, South Australia, New Zealand, and the United States ("U.S."). The Company also has marketing offices in Canada, Australia, Japan, Singapore and Switzerland. Viterra participates in fertilizer manufacturing through its 34% ownership in Canadian Fertilizers Limited ("CFL"). It has wholly-owned feed processing, oat milling, canola crushing and malt processing operations. It also has a 42% interest in Prairie Malt Limited ("Prairie Malt"), a Saskatchewan-based single site malting facility operated as part of Cargill Malt's operations. Viterra is involved in other commodity-related businesses through strategic alliances and supply agreements with domestic and international grain traders and food processing companies. The Company markets commodities directly to customers in more than 50 countries.

On May 5, 2010, Viterra successfully completed the acquisition of Dakota Growers Pasta Company, Inc. (“Dakota Growers”), headquartered in North Dakota, U.S. The company, a wholly-owned subsidiary of Viterra, operates an integrated durum milling and pasta manufacturing facility in Carrington, North Dakota, and a pasta manufacturing facility in New Hope, Minnesota. Results from this operation will be consolidated from the acquisition date forward into Viterra’s financial results, beginning in the third quarter of fiscal 2010.

Subsequent to quarter-end, on May 27, 2010, Viterra announced that it entered into a definitive agreement to acquire 21st Century Grain Processing, a U.S. based processor of oats, wheat, and custom-coated grains, for an all cash purchase price of \$90.5 million U.S. dollars (“USD”), subject to adjustments for debt, cash and working capital levels at the time of closing. 21st Century Grain Processing operates two plants in the Central U.S., an oat mill in South Sioux City, Nebraska and a wheat milling facility near Amarillo, Texas. The transaction aligns with Viterra’s integrated business model, and reinforces the Company’s mission to leverage its expertise and existing core capabilities to supply its value-added processing operations – strengthening the connections between field and table. Under the combination, 21st Century Grain's processing facilities in the U.S. will benefit from Viterra's existing oat milling operations and grain origination network in Canada. The transaction is conditional upon expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act in the U.S., and other customary closing conditions.

Viterra’s shares trade on the Toronto Stock Exchange (“TSX”) under the symbol “VT” and its CHESSE Depository Interests (“CDIs”) trade on the Australian Securities Exchange (“ASX”) under the symbol, “VTA”.

### 3.0 Summary and Analysis of Consolidated Results

Selected Consolidated Financial Information <i>(In thousands - except percentages and per share amounts)</i>	Actual Three Months ended April 30,		Better (Worse)	Actual Six Months ended April 30,		Better (Worse)
	2010*	2009		2010*	2009	
Sales and other operating revenues	\$ 2,048,138	\$ 1,608,048	\$ 440,090	\$ 3,833,888	\$ 2,989,789	\$ 844,099
Gross profit and net revenues from services	\$ 269,896	\$ 209,407	\$ 60,489	\$ 545,989	\$ 331,978	\$ 214,011
Operating, general and administrative expenses	(176,653)	(124,007)	(52,646)	(362,978)	(252,983)	(109,995)
EBITDA**	93,243	85,400	7,843	183,011	78,995	104,016
Amortization	(35,378)	(24,612)	(10,766)	(74,203)	(50,790)	(23,413)
EBIT**	57,865	60,788	(2,923)	108,808	28,205	80,603
Integration expenses	(2,195)	(2,020)	(175)	(3,174)	(3,696)	522
Acquisition derivative	(3,074)	-	(3,074)	(3,074)	-	(3,074)
Gain (Loss) on disposal of assets	741	(8,007)	8,748	375	(8,252)	8,627
Financing expenses	(30,355)	(12,206)	(18,149)	(67,586)	(21,456)	(46,130)
	22,982	38,555	(15,573)	35,349	(5,199)	40,548
Recovery of (provision for) corporate income taxes						
Current	(15,404)	11	(15,415)	(11,397)	(118)	(11,279)
Future	10,832	(12,257)	23,089	5,111	(1,324)	6,435
Net earnings (loss)	\$ 18,410	\$ 26,309	\$ (7,899)	\$ 29,063	\$ (6,641)	\$ 35,704
Earnings (loss) per share	\$ 0.05	\$ 0.11	\$ (0.06)	\$ 0.08	\$ (0.03)	\$ 0.11

\* Includes results for Viterra Australia's operations

\*\* See Non-GAAP Measures in Section 10.0

Second quarter sales and other operating revenues increased \$440.1 million to \$2.0 billion from \$1.6 billion in the second quarter of fiscal 2009. Total sales and other operating revenues for the six months ended April 30, 2010 were \$3.8 billion, an increase of \$844.1 million from \$3.0 billion in the first six months of 2009. The increase in sales for both the quarter and six-month periods was primarily due to the revenue contribution of \$613.7 million in the second quarter and \$1.3 billion in the first six months from Viterra Australia, partially offset by the impact of comparatively

lower commodity prices on sales prices (see Section 4.1 for a year-over-year commodity price comparison).

Higher sales led to an improvement in second quarter gross profits and net revenues from services (“gross profit”), which rose to \$269.9 million in the quarter, compared to \$209.4 million for the three months ended April 30, 2009. For the six-month period, gross profit was \$546.0 million, compared to \$332.0 million in the same period last year. The increase in gross profit reflects Australia’s contributions of \$73.0 million and \$195.6 million for the three and six-month periods, respectively. It also illustrates a significant improvement in Viterra’s North American agri-products business relative to last year’s first half when the Company recorded a \$28.1 million fertilizer inventory write-down, partially offset by lower grain handling and marketing contributions.

Operating, general and administrative (“OG&A”) expenses increased by \$52.6 million in the second quarter and \$110.0 million in the first six months of fiscal 2010. These increases were primarily due to the addition of Viterra Australia’s operations.

Viterra generated consolidated EBITDA (see Section 10.0 - Non-GAAP Measures) of \$93.2 million during the second quarter, compared to \$85.4 million for the same quarter of 2009. Contributions from Viterra’s North American grain operation were in line with management’s expectations, down slightly due to the impact of lower commodity prices on the value of cleaning and blending revenues and lower shipments relative to last year, when the industry experienced a record crop. This variance was offset by an increase in EBITDA contribution from the North American agri-products operations, and a \$28.2 million contribution from Viterra Australia.

For the six months ended April 30, 2010, EBITDA was \$183.0 million, an increase of \$104.0 million from \$79.0 million in the first half of 2009. Viterra Australia contributed \$94.8 million in the first half of the fiscal year. The positive variance for the six-month period is also attributable to the \$28.1 million fertilizer inventory write-down recorded in the first quarter of 2009.

EBIT (see Section 10.0 – Non-GAAP Measures) for the second quarter of fiscal 2010 was \$57.9 million, compared to \$60.8 million in fiscal 2009. For the first six months of fiscal 2010, EBIT was \$108.8 million, compared to \$28.2 million in fiscal 2009.

Amortization for the three and six-month periods ended April 30, 2010, increased by \$10.8 million and \$23.4 million respectively, primarily due to the addition of Viterra Australia’s operations.

Financing expenses, net of interest income and Canadian Wheat Board (“CWB”) carrying charge recoveries, were \$30.4 million for the quarter, which compares to \$12.2 million for the same period a year ago, and for the six months were \$67.6 million versus \$21.5 million. After adjusting for interest income and recoveries, total financing expenses increased by \$16.9 million in the second quarter and by \$44.2 million in the first six months of fiscal 2010.



Adjustments to Financing Expenses <i>(in millions)</i>	Actual Three months ended April 30,			Actual Six Months ended April 30,		
	2010*	2009	Change	2010*	2009	Change
Total financing expenses	\$ (31.2)	\$ (14.3)	\$ (16.9)	\$ (72.3)	\$ (28.1)	\$ (44.2)
Adjustments added back:						
Interest income	0.3	1.1	(0.8)	3.8	4.6	(0.8)
CWB carrying charge recovery	0.5	1.0	(0.5)	0.9	2.0	(1.1)
Financing expenses	\$ (30.4)	\$ (12.2)	\$ (18.2)	\$ (67.6)	\$ (21.5)	\$ (46.1)

\* Includes results for Viterro Australia's operations.

The increase in financing expenses in both periods reflects increased debt levels due to the inclusion of Viterro Australia and additional interest expenses associated with the \$300.0 million note issuance in July 2009, partially offset by the impact of lower commodity prices on global working capital requirements.

Viterro recorded a net corporate income tax provision of \$4.6 million in the three-month period ended April 30, 2010, compared to a provision of \$12.2 million in the same period of 2009. For the six months ended April 30, 2010, the Company's net tax provision was \$6.3 million, compared to \$1.4 million a year earlier.

The effective tax rate for the second quarter of fiscal 2010 was 19.9%, compared to 31.8% for the same period last year. The effective tax rate for the six months ended April 30, 2010 was 17.8%, compared to negative 27.7% for the same period last year. The current quarter's effective tax rate differs from the Canadian statutory rate of 29% due to a variety of factors including the change in future tax rates applied to different tax assets and tax liabilities, as well as the effect of foreign income tax rates differing from Canadian income tax rates.

As of April 30, 2010, Viterro's effective tax rate for fiscal 2010 is expected to be approximately 25%, lower than the current 29% Canadian statutory rate, due to earnings of Viterro's non-Canadian operations. While the tax rate for the first six months was lower than the annual expected rate, the rate going forward will likely increase to reflect the significant earnings that are expected to be generated from the North American operations in the third quarter.

Viterro's second quarter net earnings were \$18.4 million or \$0.05 per share, which compare to net earnings of \$26.3 million or \$0.11 per share in the same three-month period of 2009. For the six-month period ended April 30, 2010, Viterro's net earnings were \$29.1 million or \$0.08 per share, which compares to a net loss of \$(6.6) million, or \$(0.03) per share in the same six-month period of 2009. The results for the first six months of fiscal 2010 were higher than the comparable period in 2009 due to \$25.4 million of after-tax negative items during that period (\$19.4 million fertilizer inventory write-down and \$6.0 million loss on disposal) as well as \$23.1 million in net earnings contribution from Viterro Australia in the first six months of fiscal 2010.

Earnings per share amounts for the quarter and first six months of 2010 also reflect a year-over-year increase in the number of issued and outstanding shares of 134.5 million. The weighted average number of shares outstanding for the quarter and six months ended April 30, 2010 were 371.6 million, compared to 237.1 million for the three and six months ended April 30, 2009.

### 3.1 Select Quarterly Information

Select Quarterly Financial Information									
For the quarters ended									
(in millions - except per share amounts)									
(Unaudited)									
	April 30, 2010 Q2*	January 31, 2010 Q1*	October 31, 2009 Q4**	July 31, 2009 Q3	April 30, 2009 Q2	January 31, 2009 Q1	October 31, 2008 Q4	July 31, 2008 Q3	
Sales and other operating revenues	\$ 2,048.1	\$ 1,785.8	\$ 1,423.4	\$ 2,222.4	\$ 1,608.0	\$ 1,381.7	\$ 1,716.8	\$ 2,218.2	
Net earnings (loss)	\$ 18.4	\$ 10.7	\$ (0.9)	\$ 120.7	\$ 26.3	\$ (33.0)	\$ 46.8	\$ 166.7	
Basic and Diluted earnings (loss) per share	\$ 0.05	\$ 0.03	\$ -	\$ 0.51	\$ 0.11	\$ (0.14)	\$ 0.20	\$ 0.71	

\* Includes results for Viterra Australia operations.

\*\* Includes results for Viterra Australia operations from September 24, 2009 to October 31, 2009.

In the Company's western Canadian operations, earnings follow the seasonal pattern of prairie grain production. Activity peaks in the spring as inputs are purchased and new crops are sown and in the fall as mature crops are harvested. In the Company's agri-products operations in North America, sales peak in May through July, corresponding with the growing season, supplemented by additional crop nutrient sales in the late fall, should weather permit. Viterra Financial's<sup>TM</sup> agency fees follow the pattern of sales in the underlying activity in agri-products. The volume of North American grain shipments are relatively stable through the quarters, but can be influenced by destination customer demand, the CWB's export program, and producers' marketing decisions which, in turn, are driven by commodity price expectations, harvest pressures and cash flow requirements. The level of grain receipts each quarter also depends on these factors.

In Australia, seeding begins in April and extends well into the third quarter, as do the corresponding crop input sales. In the Company's Grain Handling and Marketing operations in South Australia, revenues are derived from storage, handling and marketing activities. The majority of grain flows into the system during the harvest period, which begins in October and continues through until the end of January. Viterra stores this grain until the Company and other marketers buy the commodities from grower customers. The purchase and subsequent shipment of grains and oilseeds occurs throughout the year and are dependent upon growers' cash flow requirements, global supply and demand fundamentals and commodity prices.

In the Company's Processing segment, the food processing operations in North America and Australia have earnings that are fluid, with continuous demand for products throughout each quarter. The feed products operations have relatively stable seasonal volume patterns throughout the year, with volumes in North America peaking during the winter months as feed consumption increases. Feed demand in New Zealand is weighted toward the last half of the fiscal year, and typically peaks during the July to September period.

## 4.0 Segment Results

### 4.1 Grain Handling and Marketing

In the Grain Handling and Marketing segment, Viterra actively receives, processes, transports and markets coarse grains, oilseeds and special crops through its network of grain handling and storage facilities in Canada and South Australia to destinations around the world. Viterra also originates commodities from other grain growing regions through its international trading offices strategically located in Vancouver, Singapore, Japan and Geneva.

## **Seasonality**

Receipts and subsequent shipments in any given fiscal year are dependant upon production levels and carry-out stocks from the prior year. Grain flows can fluctuate depending on global demand, crop size, prices of competing commodities, as well as other factors noted in the following volume discussion sections. In North America, grain shipments are fairly consistent from quarter to quarter, as is port terminal activity off the west coast. At Thunder Bay, shipments through the Company's port terminals end in late December, when the St. Lawrence Seaway is closed for the winter months and typically resume near the end of April.

In South Australia, the majority of the production in that state flows in the first quarter into Viterra's system, the primary storage used by farmers. During the second quarter, the operations typically receive the last of the grower grain deliveries, with the exception of a small amount that remains on-farm. Viterra owns and operates approximately 95% of South Australia's storage and all of its port terminal capacity. Viterra receives and warehouses grains and oilseeds until the farmer sells the commodities to a buyer. Commodities are purchased by Viterra or by a variety of other grain buyers throughout the year. The timing of these purchases and sales and the corresponding shipments through to export position are dependent on world demand and commodity price levels, as well as farmer cash flow requirements. Buyers use Viterra's infrastructure to move commodities to export position, and Viterra earns fees for these services.

## **Industry Receivals and Shipments**

For the second quarter, total industry shipments for the six major grains in North America were 8.8 million tonnes, a decrease of 1.3 million tonnes from the 10.1 million tonnes shipped in the comparable period in 2009. For the six months ended April 30, 2010, industry volumes were 16.9 million tonnes, compared to 18.0 million tonnes from the comparable period in 2009.

Australian grain production for 2010 (harvested in the first quarter) is estimated at 35.2 million tonnes of which approximately 7.8 million tonnes was produced in South Australia, an increase of approximately 59% from the prior year. Total wheat export shipments out of Australia through the first half of fiscal 2010 are behind last year at approximately 6.9 million tonnes versus approximately 7.8 million tonnes during the same time last year.

Grain Handling and Marketing <i>(in thousands - except percentages and margins)</i>	Actual Three Months ended April 30,		Better (Worse)	Actual Six Months ended April 30,		Better (Worse)
	2010*	2009		2010*	2009	
Gross profit and net revenues from services	\$ 153,764	\$ 126,134	\$ 27,630	\$ 355,463	\$ 222,198	\$ 133,265
Operating, general and administrative expenses	(80,175)	(49,126)	(31,049)	(172,195)	(97,265)	(74,930)
EBITDA**	73,589	77,008	(3,419)	183,268	124,933	58,335
Amortization	(17,517)	(10,087)	(7,430)	(35,625)	(20,208)	(15,417)
EBIT**	\$ 56,072	\$ 66,921	\$ (10,849)	\$ 147,643	\$ 104,725	\$ 42,918
Total sales and other operating revenues	\$ 1,424,225	\$ 1,126,390	\$ 297,835	\$ 2,765,216	\$ 2,090,420	\$ 674,796
North American Industry Statistics (tonnes)						
Canadian Industry Receipts - six major grains	8,734	9,828	(1,094)	16,988	18,009	(1,021)
Canadian Industry Shipments - six major grains	8,813	10,065	(1,252)	16,877	18,046	(1,169)
Canadian Industry Terminal Handle	5,898	6,663	(765)	11,591	12,168	(577)
Viterra - North American Operations (tonnes)						
Elevator receipts	3,817	4,362	(545)	7,402	7,973	(571)
Elevator shipments	4,035	4,634	(599)	7,611	8,406	(795)
Port terminal receipts	2,279	2,559	(280)	4,689	4,646	43
Viterra - Australian Operations (tonnes)						
Shipments	1,225	-	N/A	1,860	-	N/A
Receivals	59	-	N/A	6,200	-	N/A
Consolidated Global Pipeline (tonnes)						
North American shipments	4,035	4,634	(599)	7,611	8,406	(795)
Australian receivals	59	-	N/A	6,200	-	N/A
Total pipeline	4,094	4,634	(540)	13,811	8,406	5,405
Consolidated Pipeline Margin (per tonne)	\$ 37.56	\$ 27.22	\$ 10.34	\$ 25.74	\$ 26.43	\$ (0.69)

\* Includes results for Viterra Australia's operations unless otherwise stated.

\*\* See Non-GAAP Measures in Section 10.0

## Viterra's North American Volumes

Viterra's shipments for the quarter ended April 30, 2010 were 4.0 million tonnes. This compares to 4.6 million tonnes for the same period in 2009. For the six months ended April 30, 2010, the Company shipped 7.6 million tonnes compared to 8.4 million tonnes for the same period of 2009. Last year, volumes were higher because of record production and receipts. Farmers' willingness to market their grain, coupled with demand from importing countries were also contributing factors to last year's record volumes.

The following table demonstrates changes in comparable commodity prices during the second quarter as well as year-over-year at April 30, 2010.

Select Commodity Prices Per Tonne	Three Months			Twelve Months			10 Year Average
	Opening 31-Jan 2010	Closing 30-Apr 2010	Increase (Decrease)	Opening 30-Apr 2009	Closing 30-Apr 2010	Increase (Decrease)	
Wheat (No.1 CWRS 11.5%)	\$211.00	\$206.00	\$ (5.00)	\$ 288.00	\$206.00	\$ (82.00)	\$ 230.00
Feed Barley (No.1 Feed, ICE Futures, Lethbridge)	\$148.00	\$151.00	\$ 3.00	\$ 164.00	\$151.00	\$ (13.00)	\$ 152.00
Oats (US No.2, CBOT nearby (US Dollars))	\$148.00	\$133.09	\$ (14.91)	\$ 126.00	\$133.00	\$ 7.00	\$ 170.00
Flax (No.1 CW, I/S Thunder Bay)	\$387.00	\$367.00	\$ (20.00)	\$ 476.00	\$367.00	\$ (109.00)	\$ 379.00
Canola (No.1 Canada, ICE Futures, I/S Vancouver)	\$406.00	\$418.00	\$ 12.00	\$ 495.00	\$418.00	\$ (77.00)	\$ 385.00
Peas (Producer Price, FOB plant)	\$202.00	\$158.00	\$ (44.00)	\$ 220.00	\$158.00	\$ (62.00)	\$ 190.00

Source: Canadian Wheat Board Pool Return Outlook (No.1 CWRS 11.5% PRO) and Company Reports  
10 yr Average from Agriculture and Agrifood Canada

The split between CWB and open market grains for the three and six-month period was 53/47 and 52/48 respectively. This compares to splits of 47/53 and 50/50 for the same three and six-month periods in 2009.

For the second quarter, Viterra's port terminal receipts were 2.3 million tonnes compared to 2.6 million tonnes in the second quarter of 2009. For the first six months, port terminal receipts were on par with fiscal 2009.

## Viterra's South Australia Volumes

In the second quarter of fiscal 2010, Viterra Australia's grain handling and marketing operations received 0.1 million tonnes of grains, oilseeds and special crops, bringing the total for the first six months of the fiscal year to 6.2 million tonnes. As of the end of the second quarter, the vast majority of the available crop is in Viterra's system.

From a shipments perspective, 1.2 million tonnes were shipped through Viterra's South Australia assets in the quarter bringing the total for the first six months to 1.9 million tonnes, of which approximately 35% was for Viterra's own account. There were three factors, which led to the slow start to shipments out of South Australia during the first six months of fiscal 2010:

- Similar to the first quarter of 2010, low commodity prices created a disincentive for growers to price their grain during the period;
- At the same time, from a merchandising perspective, Australian grain prices remained higher than world grain prices (see table below), causing buyers to temporarily source from other growing regions, and;
- In an effort to satisfy their commitments to contracts for grain shipping services, and avoid relatively more expensive western Australian cancellation penalties, marketers chose to draw grain from West Australia and divert their shipment to those ports.

The following table demonstrates quarter-end Australian wheat prices as higher compared to other export points year-over-year as well as at October 31, 2009:

Weekly Wheat Export Prices			
USD/tonne	April 30, 2010	April 30, 2009	October 31, 2009
<b>Australia</b>			
APW, Western Australia	\$ 219	N/A	\$ 220
ASW, Eastern States	\$ 188	\$ 225	\$ 205
<b>European Union</b>			
France Grade 1, Rouen	\$ 176	\$ 192	\$ 192
Germany B Quality, Hamburg	\$ 183	\$ 199	\$ 197
<b>Black Sea</b>			
Wheat, Milling Grade 4	\$ 173	\$ 185	\$ 180

Source: International Grains Council, prices are basis FOB.

## Operating Results

For the second quarter, gross margins for the segment totaled \$153.8 million, compared to \$126.1 million in the second quarter last year and for the first six months were \$355.5 million compared to \$222.2 million a year earlier. Gross margins in North America were in line with management expectations, which assumed slightly lower volumes relative to last year due to crop size, together with the impact of lower commodity prices on blending and screening margins.

In Australia, gross margin contributions were \$49.7 million and \$153.5 million for the three and six-month periods, well below management expectations. The cost of originating grain to meet shipping commitments, together with slower than expected grain movement were the primary factors reducing gross margins for the region, slightly offset by higher storage revenue.

On a consolidated per tonne basis, gross margins for the first six months of fiscal 2010 were \$25.74 per tonne, lower than management's expectations. The difference reflects lower-than-expected merchandising margins in Australia due to the timing of growers' sales and shipments through the South Australia system, and a slight reduction in North American grain handling and marketing margins primarily due to lower blending and screening revenues due to declining commodity prices.

OG&A expenses for the Grain Handling and Marketing segment were \$80.2 million in the second quarter of fiscal 2010, an increase of \$31.1 million from the \$49.1 million spent in the second quarter of 2009. For the first six months of fiscal 2010, OG&A expenses were \$172.2 million, compared to \$97.3 million in the first six months of 2009. The increases in both periods primarily reflect the addition of the Australian operations this year.

The Grain Handling and Marketing segment generated \$73.6 million and \$183.3 million in EBITDA for the second quarter and first six months ended April 30, 2010 respectively. Viterra's Australian operations contributed \$22.2 million for the second quarter and \$86.2 million for the first six months of the fiscal year.

EBIT was \$56.1 million in the second quarter of 2010, compared to \$66.9 million in the second quarter of fiscal 2009. For the first six months of the fiscal year, EBIT was \$147.6 million, compared to \$104.7 million in the first six months of 2009.

## **Outlook**

Based on year-to-date producer deliveries in Canada, management now anticipates Canadian Grain Commission ("CGC") receipts to be in the 33.0 to 34.0 million tonne range for fiscal 2010, above the 30.0 to 32.0 million tonnes that is typically received.

Management remains optimistic that it will see solid industry volumes through the remainder of the crop year given one of the strongest export programs in a decade from the CWB. Early CWB estimates made at the beginning of January placed projected exports of wheat and barley at 18.7 million tonnes, the second largest program since the 1999/2000 crop year. Management believes that this target is achievable and may be surpassed. This increase in movement on CWB commodities is expected to offset somewhat lower exports of open market grains, particularly canola and peas.

Despite the strong CWB export program, on-farm carry-out stocks at the end of year are expected to be above the ten-year historical average of 5.0 million tonnes in Western Canada. Viterra currently estimates on-farm carryout stocks of the six major grains in Western Canada in the 6.0 million tonne range. This estimate can change based on domestic demand and international requirements from importing countries around the world.

For Australia, growers have begun to price their grains as their cash flow needs increase and storage and warehousing fees accumulate. The shipping program out of South Australia began in earnest at the end of April. As such, Viterra expects significant grain movement through the last half of the year. Still, management remains of the view that carry-out stocks in the South Australia system at the end of

the fiscal year could reach 2.0 million tonnes, providing additional volumes for next year.

Based on information available to date, management retains its projected global grain pipeline margin guidance of \$30-\$33 per tonne, albeit at the lower end of the range. It is important to note that the annual margin is expected to build across the quarters through to the end of the fiscal year, due to the nature of the Australian business, and should be viewed within the context of the entire year.

Looking forward to production levels for fiscal 2011, on April 26, 2010, Statistics Canada issued its survey of seeding intentions for this spring indicating that seeded acreage of the six major grains is expected to be approximately 55.5 million acres, just slightly below the five-year average. This moderate decrease can be attributed to a corresponding increase in special crop acres (not included in the six major grains) such as lentils, beans, and canary seed. The survey does suggest an increase in canola acreage for the fourth consecutive season and a 35% decrease in durum acres, mainly due to negative pricing signals resulting from high global carry-in stocks from 2009. It should be noted that this survey was completed the week of March 24 and there is potential for material swings in actual seeded acres, depending on growers' final seeding decisions and weather conditions during the planting season. Statistics Canada will release an updated estimate on seeded acres on June 23, 2010.

<b>Crop Seeded Acreage Western Canada</b>					
<i>(In Millions of Acres)</i>	<b>All Wheat</b>	<b>Coarse Grains</b>	<b>Oilseeds</b>	<b>Special Crops</b>	<b>Total</b>
5-yr average for 2005-2009	22.8	13.5	16.4	3.6	56.2
2010 Estimate	22.1	11.4	18.3	3.6	55.5
2009	23.2	11.5	17.8	3.8	56.4
2008	23.4	12.8	17.6	4.0	57.8
2007	20.7	15.3	16.0	3.6	55.6
2006	22.8	13.1	15.0	3.1	54.0
2005	23.8	14.6	15.3	3.4	57.2
6 Majors - Wheat, Barley, Oats, Canola, Flax, Peas					
Source: Statistics Canada, Principal Field Crops, April 26, 2010					

For South Australia, according to the Primary Industries and Resources South Australia ("PIRSA") May 2010 Crop and Pasture report, plantings of wheat, durum, canola and lentils are expected to increase in the State this season, offset by significantly lower plantings of barley and chickpeas.

#### **4.2 Agri-products**

Viterra operates 261 agri-product retail facilities located across Western Canada and holds a 34% investment in CFL, a nitrogen fertilizer manufacturing plant located in Medicine Hat, Alberta. Through this investment, Viterra is entitled to receive 34% of the approximately 1.5 million tonnes of merchantable product produced at the plant, split equally between granular urea and anhydrous ammonia ("NH<sub>3</sub>").

This is the first six-month period in which contributions from the Company's financial products are included within this segment's results. Through Viterra Financial™, the

Company acts as an agent of a Canadian chartered bank, extending unsecured and secured credit to support farmers' on-farm cash flow requirements, the majority of which are for agri-products purchases. The profitability of this program relates to the level, duration and quality of credit in a given period, which is influenced by crop inputs, farm income levels, interest rates and, to a lesser extent, feed product demand.

Viterra has a small retail presence in South Australia, retailing crop inputs to growers. In the first quarter of the fiscal year, the Company initiated a comprehensive review of the products and services offered in the region and made the decision to exit the livestock marketing, general merchandise, and real estate businesses, which were deemed as non-core. None of these operations were material to the financial performance of this segment. Viterra is currently assessing appropriate business structures and existing customer service models in an effort to put in place a program that attracts and retains key grower customers and increases the value proposition for growers in Australia. As part of ongoing operations, Viterra will continue to operate a domestic wool network extending across the agricultural areas of Western Australia, South Australia and Victoria. Internationally, Viterra is the largest buyer of Australian wool and an exporter to key markets such as China, India and Italy.

Retail sales of agri-products are seasonal and correlate directly to the life cycle of the crop. In North America, the Company's agri-products sales historically average about 12% to 17% during the second quarter of each fiscal year. Viterra also receives pre-purchase payments from farm customers who want to order a portion of their agri-product requirements for the spring. Actual sales are recorded when product is delivered. Seed bookings, pre-payments and discussions with customers provide Viterra with an early indication of seeding intentions.

## Operating Results

Agri-products <i>(in thousands - except percentages)</i>	Actual Three Months ended April 30,		Better (Worse)	Actual Six Months ended April 30,		Better (Worse)
	2010*	2009		2010*	2009	
Gross profit and net revenues from services	\$ 76,976	\$ 55,708	\$ 21,268	\$ 109,575	\$ 50,806	\$ 58,769
Operating, general and administrative expenses	(46,986)	(37,540)	(9,446)	(91,519)	(73,737)	(17,782)
EBITDA**	29,990	18,168	11,822	18,056	(22,931)	40,987
Amortization	(11,374)	(9,747)	(1,627)	(22,556)	(21,125)	(1,431)
EBIT**	\$ 18,616	\$ 8,421	\$ 10,195	\$ (4,500)	\$ (44,056)	\$ 39,556
Operating Highlights						
Sales and other operating revenues	\$ 440,261	\$ 270,300	\$ 169,961	\$ 655,535	\$ 460,211	\$ 195,324
Fertilizer	\$ 163,920	\$ 144,769	\$ 19,151	\$ 284,487	\$ 314,487	\$ (30,000)
Crop Protection	\$ 37,717	\$ 25,583	\$ 12,134	\$ 41,809	\$ 28,554	\$ 13,255
Seed	\$ 123,050	\$ 79,785	\$ 43,265	\$ 123,628	\$ 81,713	\$ 41,915
Wool	\$ 91,132	\$ -	\$ N/A	\$ 159,871	\$ -	\$ N/A
Financial Products	\$ 7,185	\$ 4,350	\$ 2,835	\$ 11,948	\$ 8,089	\$ 3,859
Equipment sales and other revenue	\$ 17,257	\$ 15,813	\$ 1,444	\$ 33,792	\$ 27,368	\$ 6,424
Margin (% of Sales)	17.5%	20.6%	(3.1 pt)	16.7%	11.0%	5.7 pt
Fertilizer volume (tonnes)	371	247	124	681	516	165

\* Includes results for Viterra Australia's operations  
 \*\* See Non-GAAP Measures in Section 10.0

Overall sales for the quarter were \$440.3 million, an increase of 63% or \$170.0 million relative to the second quarter last year, reflecting increased seed, crop protection and fertilizer sales due to favourable weather conditions in April. Warm weather across the Prairies, particularly in Manitoba, allowed farmers to begin seeding early, resulting in some of Viterra's third quarter sales moving into the



second quarter. On a year-to-date basis, sales were \$655.5 million, which compared to \$460.2 million in the first six months of 2009.

Seeds sales were 54.2% higher for the quarter relative to the same quarter last year, primarily a reflection of earlier delivery of seed to farmers due to favourable weather conditions and an ongoing value shift in the industry from crop protection products to seed.

Crop protection product sales increased by 47.4% for the quarter from a year earlier, a result of strong seed treatments and an increase in pre-seeding fieldwork. North American fertilizer sales were on par with last year's second quarter at \$145.2 million. North American fertilizer sales volumes were up approximately 36% from last year's second quarter. Consolidated volumes were up approximately 50% to 371,000 tonnes for the quarter, compared to 247,000 tonnes in last year's second quarter reflecting the addition of 35,000 tonnes from the Australian business, as well as good demand in North America. Volume increases were offset by decreases in fertilizer pricing relative to last year.

<b>Consolidated Fertilizer Volumes by Quarter</b> (in thousands of tonnes)					
<i>For the quarter ended</i>					
Fiscal year	31-Jan	30-Apr	31-Jul	31-Oct	Total
2010 *	310	371			
2009	269	247	757	261	1,534

\* Includes results for Viterro Australia operations.

Revenues from the Company's Australian wool business during the second quarter and first six months were \$91.1 million and \$159.9 million respectively.

Revenues derived from Viterro's financial products in the second quarter were \$7.2 million, an increase from \$4.4 million in the same period in 2009. For the first six months, revenues from the financial products business were \$11.9 million, compared to \$8.1 million a year earlier. This increase was primarily due to additional revenue that Viterro has generated from its carbon credit business in Alberta.

Gross margins were \$77.0 million for the quarter ended April 30, 2010, compared to \$55.7 million a year earlier. Excluding fertilizer's contribution for the quarter, North American margins reached 24%. Gross profit on fertilizer was up slightly due to the volume increase, but on a gross margin per tonne basis, was down approximately 17%, reflecting the impact of low prices relative to last year's second quarter.

Gross margins for the agri-product operations in North America, excluding the financial products contribution, were \$89.6 million in the first six months, a significant increase from the gross margin of \$43.1 million in the first half of 2009, when the Company recorded a \$28.1 million fertilizer inventory write-down. On a year-to-date basis for North American fertilizer margins, the Company experienced a 24% increase in volumes but lower retail margins due to competitive pressures in the western Canadian market. Crop protection product margins were significantly higher both on a quarterly and year-to-date basis. The gross profit contribution from financial products was \$3.2 million in the second quarter, compared to \$3.9 million for the same period last year. For the first six months of fiscal 2010, financial products contributed \$7.4 million in gross profit, compared to \$7.7 million in 2009.

For the wool operations in Australia, because this is primarily a brokerage business, margins are lower than average retail margins. However, it is valuable strategically in terms of driving Viterra's customer relationships in its grain and agri-products businesses given the number of Australian growers that raise wool.

OG&A expenses increased by \$9.4 million to \$47.0 million and \$17.8 million to \$91.5 million in the three and six-month periods respectively, reflecting the addition of costs associated with the Australian operation. There was also a \$6.7 million increase for the North American operations in the first six-months of the fiscal year, primarily related to wage increases and higher benefit costs. It is important to note that OG&A costs are typically weighted more heavily to the last six months of the year (45/55 split – first half to second half), given the significant revenue that is generated in the third quarter.

Agri-products EBITDA for the quarter recovered significantly from the previous year reflecting higher seed, crop protection products and fertilizer sales relative to last year's second quarter. Unseasonably warm weather in the month of April allowed farmers to get on the land early, which advanced the timing of sales, particularly in the seed and seed treatment categories.

Agri-products EBITDA for the quarter was \$30.0 million compared to \$18.2 million in the second quarter of 2009. Included in the EBITDA results for the second quarter were \$1.9 million from financial products and \$0.6 million from the Australia operations. EBITDA for the first six months was \$18.1 million compared to a loss of \$22.9 million a year earlier. Included in the six-month results for 2010 were \$4.4 million in contributions from financial products and \$1.5 million from the Australian operations.

Agri-products EBIT for the second quarter was \$18.6 million compared to \$8.4 million in the second quarter of fiscal 2009. For the first six months of 2010, EBIT was a loss of \$4.5 million, compared to a loss of \$44.1 million in fiscal 2009.

## **Outlook**

Relatively good oilseed prices (compared to historical values) and a predicted increase in canola acres in Western Canada is positive for the Agri-product segment, given that a large portion of Viterra's proprietary seed varieties are canola and producers tend to invest in more crop inputs when growing oilseeds. Please see Section 4.1 for the most recent seeding intentions report by Statistics Canada.

Within the North American agri-products operation, demand for crop inputs is expected to continue to be favourable as the growing season progresses, assuming good growing conditions. Market fundamentals in Canada and Australia are positive going into the third quarter of the fiscal year, which typically encompasses between 58% and 61% of North American agri-product sales and a large portion of Viterra Australia's crop input sales. It is important to note that sales of crop input products are contingent upon favourable weather during the growing season.

Soil nutrient levels in Western Canada have been depleted over the last number of years and good production in the 2009 crop year only contributed further to this depletion. Demand for fertilizer is expected to be solid. Replenishing soil nutrient

levels is important to maximizing yields. Management expects fertilizer margins for the upcoming third quarter to reflect stronger volumes relative to the same period year, offset by weaker margins per tonne compared to last year's third quarter.

Moisture conditions throughout the Prairies are extremely good but have been excessive in some regions. Significant rainfall in late May has stalled seeding in some regions, particularly in Northeast Saskatchewan. As a result, management believes there is a potential for a decline in seeded acreage in that locale. As of this week, management estimates that approximately 95% of the Alberta crop has been sown, 70% of the Saskatchewan crop and 90% of the Manitoba crop.

Recent rains in South Australia have improved both subsoil and topsoil conditions providing a good base for growers in that region to complete seeding.

### **4.3 Processing**

Viterra's Processing segment is an important component of the Company's value chain. This segment extends the Company's pipeline by producing semi-finished and finished food ingredients to consumer products and food processors around the world. Viterra also processes livestock feed, ingredients and nutritional supplements to support the healthy development of animal species raised by livestock producers in Canada, the United States, Australia, New Zealand and other protein producing nations.

The Company consolidated its food processing and feed products operating results into the Processing segment beginning in fiscal 2010 to more appropriately reflect its operating model and reporting structures. Also included in this year's results are contributions from its Australian malt operations and New Zealand feed operation, which were acquired in September 2009.

Viterra operates eight malt processing plants strategically positioned across Australia, with production capacity of up to 500,000 metric tonnes annually. The split of domestic versus export sales for Viterra's malt operation in Australia is relatively constant throughout the year at 20/80 respectively. Viterra's North American food processing operations in Canada include three oat milling facilities and a canola processing facility. Viterra manufactures approximately 235,000 tonnes of oat and specialty grain products, and crushes up to 345,000 tonnes of canola. As well, the Company has a 42% ownership interest in Prairie Malt.

Viterra is a major player in the North American and New Zealand feed markets. The Company has six feed mills and one premix manufacturing facility located across Western Canada. In the U.S., the operations include seven feed mills located in Montana, New Mexico, Texas and Oklahoma. The Company distributes over 2.0 million tonnes of feed from its North American operations annually. In New Zealand the Company has a presence across the feed supply chain, from marketing and accumulation to storage, freight, milling and the sale of end-use products. It is a key importer and distributor of grains and meals to the New Zealand market. The New Zealand operation will have the capacity to process about 335,000 tonnes of feed annually due to the imminent commissioning of an 180,000 tonne feed mill in South Auckland, New Zealand.

The Company completed the acquisition of Dakota Growers, subsequent to quarter-end and announced that it had signed a definitive agreement to acquire 21<sup>st</sup> Century Grain Processing. Please refer to section 2.0 for more information.

## Operating Results

Processing <i>(in thousands - except percentages and margins)</i>	Actual Three Months ended April 30,		Better (Worse)	Actual Six Months ended April 30,		Better (Worse)
	2010*	2009		2010*	2009	
Gross profit and net revenues from services	\$ 39,156	\$ 27,565	\$ 11,591	\$ 80,951	\$ 58,974	\$ 21,977
Operating, general and administrative expenses	(16,449)	(17,993)	1,544	(35,058)	(37,642)	2,584
EBITDA**	22,707	9,572	13,135	45,893	21,332	24,561
Amortization	(7,362)	(4,569)	(2,793)	(15,204)	(9,037)	(6,167)
EBIT**	\$ 15,345	\$ 5,003	\$ 10,342	\$ 30,689	\$ 12,295	\$ 18,394
Sales and other operating revenues	\$ 303,124	\$ 230,271	\$ 72,853	\$ 614,632	\$ 476,025	\$ 138,607
Operating Highlights - Food						
Food sales volumes (tonnes)						
Malt	250	77	173	490	147	343
Oats	136	26	110	263	44	219
Canola	54	51	3	108	103	5
Consolidated food margin (\$ per tonne sold)	\$ 87.55	\$ 84.65	\$ 2.90	\$ 92.18	\$ 75.05	\$ 17.13
Operating Highlights - Feed						
Feed sales volumes (tonnes)	545	514	31	1,118	1,074	44
Consolidated feed margin (\$ per tonne sold)	\$ 31.68	\$ 40.95	\$ (9.27)	\$ 32.00	\$ 44.64	\$ (12.64)

\* Includes results for Viterra Australia's operations

\*\* See Non-GAAP Measures in Section 10.0

Sales in the Processing segment for the second quarter were \$303.1 million, up \$72.9 million from \$230.3 million during the comparable period of 2009. For the first six months of fiscal 2010, sales in the segment were \$614.6 million, compared to \$476.0 million in the same period in fiscal 2009. The year-over-year increase in sales primarily reflects:

- The addition of the Australian malt business, which generated sales of \$81.1 million for the quarter and \$160.6 million in the first six months;
- The acquisition of a canola crush plant in June of 2009, which generated \$30.1 million in sales for the quarter and \$60.4 million in the first six months;
- The addition of the New Zealand feed business, which generated sales of \$14.0 million for the quarter and \$32.1 million in the first six months; and
- The above amounts were offset somewhat by the impact of lower underlying commodity prices for the entire Processing segment.

Gross profit for the Processing segment in the second quarter totaled \$39.2 million, which compared to \$27.6 million in the second quarter last year. For the first six months of the fiscal year, the Processing segment had gross profit of \$81.0 million, compared with \$59.0 million a year earlier.

Gross margin per tonne for the food operations was higher than last year's second quarter, reflecting strong oat processing margins and the addition of margin contributions from the Australian malt business.

Australian malt margins were constrained through the second quarter and first half of fiscal 2010 due to significant competition from the European region, which has benefited from large malt barley crops and relatively lower pricing compared to Australian malt barley prices. However, Viterra Australia's volumes remain relatively strong due to the strength of our domestic and export customer relationships, the high price of malt substitutes, and stable beer sales in Asia.

Gross margins for feed on a combined basis were \$31.68 per tonne, compared to \$40.95 per tonne in last year's second quarter. For the first six months of the fiscal year, gross margins for feed were \$32.00 per tonne, compared with \$44.64 per tonne, a year earlier. During the first quarter of fiscal 2010, the Company changed its classification of costs related to feed processing to more closely align internal and external reporting ((See Note 2a) in the Notes to the Consolidated Financial Statements). The gross margin impact of this accounting policy change was \$(2.57) per tonne for the second quarter and \$(2.77) per tonne for the first six months of fiscal 2010 and \$(3.98) per tonne for the second quarter and \$(3.35) per tonne for the first six months of fiscal 2009.

Year-to-date margins continued to reflect slow demand in the dairy market in the U.S, partially offset by a recovery in the Canadian livestock industry. Margins in the New Zealand feed market benefited from dry conditions that have eroded pastures and subsequently increased demand from the dairy market.

Overall, segment OG&A for the quarter was \$16.4 million, compared to \$18.0 million the prior year. Year-to-date OG&A expenses were \$35.1 million compared to \$37.6 million for same period in fiscal 2009. The OG&A expenses were attributable to:

- OG&A expenses for feed products operations in North America were \$10.0 million for the quarter, compared to \$16.5 million a year earlier. For the first six months, OG&A expenses for these operations were \$19.3 million, compared with \$34.1 million a year earlier. The lower costs reflect management's efforts to integrate business processes between Canada and the U.S. and leverage shared expertise.
- OG&A expenses for the New Zealand feed products operations were \$1.4 million for the quarter and \$2.9 million for the first six months.
- OG&A expenses for the food processing operations in North America and Australia were \$3.3 million and \$1.8 million respectively in the quarter, and \$9.7 million and \$3.2 million respectively in the first six months. The increased OG&A for the food processing operations is reflective of the addition of the Australian malt operations and the canola processing facility.

The Processing segment EBITDA for the quarter was \$22.7 million, an increase of \$13.1 million from the second quarter of fiscal 2009. For the first six months of fiscal 2010, EBITDA was \$45.9 million, compared to \$21.3 million in 2009. This reflects:

- EBITDA of \$16.8 million and \$32.3 million respectively from food processing operations in the quarter and first six months of the fiscal year, up \$11.8 million and \$24.7 million in the second quarter and first half of the fiscal year respectively. Australian malt contributed \$14.0 million in the quarter, and \$22.2 million in the first six months; and
- EBITDA of \$5.9 million and \$13.6 million respectively from feed products in the quarter and first six months of the fiscal year, which compared to \$4.6 million and \$13.8 million in the comparative periods of fiscal 2009.

Segment EBIT for the quarter was \$15.3 million, compared to \$5.0 million in the second quarter of fiscal 2009. For the first six months of fiscal 2010, EBIT for the segment was \$30.7 million, compared to \$12.3 million in 2009.

## **Outlook**

For fiscal 2010, management expects solid contributions from this segment, which will begin to reflect the benefits of the Company's recent activity to grow its portfolio of food ingredients businesses.

Strong customer relationships in the Australian malt business and the high cost of malt substitutes will be positive for volumes in this business long term. For the remainder of fiscal 2010 and potentially into the first half of 2011, margins are expected to be somewhat compressed due to a glut in global malt barley supplies.

For Viterra's oat processing operations, performance is expected to remain similar to last year's, while management expects to see positive performance from the canola crush operation in the last half of 2010.

Viterra will also begin to benefit from its acquisition of Dakota Growers, an integrated durum miller and leading producer and marketer of dry pasta products in North America. The transaction closed on May 5, 2010, and as a result, contribution will begin in Viterra's third quarter.

Subsequent to quarter-end, on May 27, 2010, Viterra also announced that it entered into a definitive agreement to acquire 21st Century Grain Processing, a U.S. based processor of oats, wheat, and custom-coated grains, for an all cash purchase price of \$90.5 million USD. 21st Century Grain Processing operates two plants in the Central U.S., an oat mill in South Sioux City, Nebraska and a wheat milling facility near Amarillo, Texas. The transaction is conditional upon expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act in the U.S., and other customary closing conditions.

From a feed manufacturing perspective, improving market fundamentals for the Canadian swine industry are now evident, after the significant downturn, which began in late 2007 and continued into 2009, challenged producers to reduce herd sizes and preserve cash. Since December 2009, and through to the end of April, hog prices were recovering with each month exceeding the 5-year average. This is a positive signal for feed manufacturers and for hog producers both from a cash flow perspective and in terms of the near-term outlook for this segment of the industry.

In the U.S., population numbers in the dairy industry show replacement heifers of 4.5 million head, which is up 2.4% from a year earlier, a sign that the recovery in the U.S. market is ahead. However, cash milk prices, a driver for the dairy business and associated specialty feed demand, remain at or near production costs and have yet to show similar signs of recovery.

For the feed operations in New Zealand persistent dry conditions are expected to result in higher sales volumes for protein feed products; however margins in this market are expected to remain compressed.

## 4.4 Corporate Expenses

Corporate expenses (in thousands)	Actual Three Months ended April 30, 2010*		Better (Worse)	Actual Six Months ended April 30, 2010*		Better (Worse)
	2010*	2009		2010*	2009	
Operating, general and administrative expenses	\$ (33,043)	\$ (19,348)	\$ (13,695)	\$ (64,206)	\$ (44,339)	\$ (19,867)
Amortization	875	(209)	1,084	(818)	(420)	(398)
EBIT**	\$ (32,168)	\$ (19,557)	\$ (12,611)	\$ (65,024)	\$ (44,759)	\$ (20,265)

\* Includes results for Viterro Australia's operations.

\*\* See Non-GAAP Measures in Section 10.0

Corporate expenses were \$33.0 million in the second quarter of fiscal 2010 compared to \$19.3 million in fiscal 2009. For the first six months of fiscal 2010 corporate expenses were \$64.2 million, compared to \$44.3 million in fiscal 2009. Corporate expenses are up mainly due to the inclusion of Viterro Australia's expenses, which were \$8.9 million for the quarter and \$16.2 million for the first six months. The remaining variance was the result of a short-term increase in expenses incurred related to the enhancement of information technology service delivery across the Company.

## 5.0 Liquidity and Capital Resources

### 5.1 Cash Flow Information

Cash Flow Provided by (Used in) Operations (in thousands - except per share amounts)	Actual Three Months ended April 30, 2010*		Better (Worse)	Actual Six Months ended April 30, 2010*		Better (Worse)
	2010*	2009		2010*	2009	
EBITDA**	\$ 93,243	\$ 85,400	\$ 7,843	\$ 183,011	\$ 78,995	\$ 104,016
Add (Deduct):						
Employee future benefits	1,319	1,089	230	2,981	2,415	566
Other items	477	1,158	(681)	823	1,163	(340)
Adjusted EBITDA	95,039	87,647	7,392	186,815	82,573	104,242
Integration expenses	(2,195)	(2,020)	(175)	(3,174)	(3,696)	522
Cash interest expense	(26,579)	(10,960)	(15,619)	(61,236)	(18,978)	(42,258)
Pre-tax cash flow	66,265	74,667	(8,402)	122,405	59,899	62,506
Current income tax recovery (expense)	(15,404)	11	(15,415)	(11,397)	(118)	(11,279)
Cash flow provided by (used in) operations	\$ 50,861	\$ 74,678	\$ (23,817)	\$ 111,008	\$ 59,781	\$ 51,227
Per share	\$ 0.14	\$ 0.32	\$ (0.18)	\$ 0.30	\$ 0.25	\$ 0.05

\* Includes results for Viterro Australia's operations.

\*\* See Non-GAAP Measures in Section 10.0

For the three months ended April 30, 2010, cash flow provided by operations (see Section 10.0 - Non-GAAP Measures) was \$50.9 million (or \$0.14 per share) compared to \$74.7 million (or \$0.32 per share) in the second quarter of 2009. The decrease for the second quarter primarily reflects higher cash interest and income tax expenses relative to the same quarter a year ago.

On a year-to-date basis, cash flow provided by operations was \$111.0 million (or \$0.30 per share) compared to \$59.8 million (or \$0.25 per share) in fiscal 2009. This improvement is primarily due to stronger EBITDA contributions, partially offset by higher cash interest and income tax expense. Cash flow per share amounts for the quarter and first six months of 2010 reflect the results noted above and an increase of 134.5 million in the number of shares issued and outstanding from the same period in fiscal 2009.

Cash Flow Provided by (Used in) Operating Activities <i>(in thousands)</i>	Actual Three Months ended April 30,			Better (Worse)	Actual Six Months ended April 30,			Better (Worse)
	2010*	2009			2010*	2009		
<b>Free Cash Flow **</b>								
Cash flow provided by (used in) operations	\$ 50,861	\$ 74,678	\$ (23,817)	\$ 111,008	\$ 59,781	\$ 51,227		
Property, plant and equipment expenditures	(18,549)	(14,648)	(3,901)	(44,098)	(29,342)	(14,756)		
Free Cash Flow	\$ 32,312	\$ 60,030	\$ (27,718)	\$ 66,910	\$ 30,439	\$ 36,471		

\* Includes results for Viterro Australia's operations.

\*\* See Non-GAAP Measures in Section 10.0.

Free cash flow is measured by cash flow provided by operations less capital expenditures and does not reflect changes in non-cash working capital (see Section 10.0 - Non-GAAP Measures). For the three months ended April 30, 2010, free cash flow was \$32.3 million, a decrease of \$27.7 million from the comparable period of the prior year. The decrease primarily reflects increased cash interest expense, income taxes and additional capital expenditures on property, plant and equipment.

For the six months ended April 30, 2010, free cash flow was \$66.9 million, an improvement of \$36.5 million reflecting stronger EBITDA resulting from the addition of the Australian operations and improved results from the Agri-products segment, partly offset by increased cash interest expense, income taxes and additional expenditures on property plant and equipment.

## 5.2 Investing Activities

Viterro's capital expenditures for the three months ended April 30, 2010 were \$18.5 million, which compares to \$14.6 million for the comparable period of the prior year. For the six months ending April 30, 2010, capital expenditures were \$44.1 million compared to \$29.3 million last year. Capital expenditures reflect a number of capital improvements and upgrades undertaken in the ordinary course of business.

On an annualized basis, Viterro expects consolidated capital expenditures of approximately \$140.0 million. These are expected to be funded by cash flow provided by operations. Current expectations suggest that maintenance capital expenditures may be slightly lower than plan for 2010.

On May 5, 2010, the Company acquired Dakota Growers, a leading producer and marketer of dry pasta products in North America. It has an integrated durum mill and pasta production plant in Carrington, North Dakota and a pasta production plant in New Hope, Minnesota. The all cash transaction had an enterprise value of \$240.0 million USD, subject to certain adjustments at closing.

## 5.3 Non-cash Working Capital

Non-Cash Working Capital <i>(in thousands)</i>	As at April 30,			Change Attributable to Viterro Australia	Change Excluding Viterro Australia
	2010*	2009			
Inventories	\$ 1,263,191	\$ 1,160,655	\$ 102,536	\$ 308,986	\$ (206,450)
Accounts receivable	954,162	709,725	244,437	343,452	(99,015)
Prepaid and deposits	134,495	81,550	52,945	24,652	28,293
Accounts payable and accrued liabilities	(1,038,724)	(986,878)	(51,846)	(195,758)	143,912
	\$ 1,313,124	\$ 965,052	\$ 348,072	\$ 481,332	\$ (133,260)

\* Includes results for Viterro Australia's operations.



Inventory levels at April 30, 2010 were \$1,263.2 million (including Viterra Australia - \$309.0 million) compared with \$1,160.7 million at April 30, 2009. Exclusive of Viterra Australia, inventory levels fell by \$206.5 million, which primarily reflects lower agri-product and grain inventories and lower inventory values due to the decline in commodity prices relative to last year (please refer to Section 4.1 for grain price comparison).

Accounts receivable at April 30, 2010 were \$244.4 million higher than at April 30, 2009. Viterra Australia accounted for an increase of \$343.5 million. Exclusive of Viterra Australia, accounts receivable fell by \$99.0 million, which primarily reflects the impact of lower commodity prices on grain trade receivables including CWB receivables.

Prepaid expenses and deposits at April 30, 2010 were \$134.5 million compared with \$81.6 million at April 30, 2009. Exclusive of Viterra Australia, prepaid expenses and deposits increased by \$28.3 million, which is primarily due to higher prepaid North American agri-product inventory deposits.

Accounts payable and accrued liabilities at April 30, 2010 were \$1,038.7 million compared to \$986.9 million last year. Viterra Australia accounted for \$195.8 million of this increase. Exclusive of Viterra Australia, accounts payable and accrued liabilities decreased \$143.9 million, which was largely due to lower agri-product trade payables and lower customer prepaid accounts.

## 5.4 Financing Activities

Key Financial Information *	As at April 30,		Change
	2010	2009	
<i>(in thousands - except percentages, pts and ratios)</i>			
Cash and Cash Equivalents	\$ 481,445	\$ 665,368	\$ (183,923)
Total Debt, Net of Cash and Cash Equivalents	\$ 837,071	\$ 127,073	\$ 709,998
EBITDA <i>(six months ended April 30.)</i>	\$ 183,011	\$ 78,995	\$ 104,016
Ratios			
Current Ratio	2.56 x	2.44 x	0.12 x
Total Debt-to-Capital	27.4%	26.6%	0.8 pt
Long-Term Debt-to-Capital	26.0%	23.5%	2.5 pt

\* See Non-GAAP Measures in Section 10.0.

Viterra's balance sheet at April 30, 2010 remained strong with total debt-to-capital of 27.4% compared to 26.6% at April 30, 2009. Viterra had \$481.4 million in cash and cash equivalents and no cash drawings on its \$800.0 million North American revolving credit facility, and had \$373.4 million Australian Dollars ("AUD") drawn on the \$1.2 billion AUD operating facility that funds Viterra Australia.

The Company's total debt increased by \$526.1 million from the previous year. This is primarily due to the addition of Viterra Australia's short-term borrowings (\$73.5 million AUD) and long-term debt (\$301.2 million AUD) combined with a new issuance of \$300.0 million in senior unsecured notes in July 2009. These new borrowing increases were partially offset by principal repayments made on the term loan credit facility, lower drawings on the North American operating line and the total repayment of member demand loans in September 2009.

The Company's total debt, net of cash and cash equivalents, increased \$710.0 million from the same period last year. This resulted from the increase in total debt explained above (\$526.1 million), accompanied by a decrease in cash and cash equivalents of \$183.9 million. This decrease in cash and cash equivalents is presented in detail in the Consolidated Statements of Cash Flows.

On May 17, 2010, subsequent to quarter-end, the Company announced that it had closed a \$1.6 billion CAD unsecured revolving credit facility ("Global Credit Facility") through a syndicate of financial institutions. The Global Credit Facility, which includes sub-tranches of Canadian \$800.0 million and Australian \$850.0 million, was effective May 18, 2010.

The Company has the right to increase the facility by up to \$400.0 million. The facility is available in Canadian, Australian, U.S. and New Zealand dollars at LIBOR plus a margin of 3.00%. The margin is based on the Company's current credit rating.

The three-year unsecured operating line replaces the Company's existing \$800.0 million line of credit in Canada and the \$1.2 billion AUD operating line in Australia and will be used to support the Company's global working capital requirements.

As a result of closing the Global Credit Facility and repayment of the term loan Credit Facility, all security has been released on the Company's debt including the \$500.0 million of Senior Unsecured Notes that remain outstanding.

Subsequent to quarter end, existing cash and cash equivalents were used to close the \$240.0 million USD acquisition of Dakota Growers and to pay down the Global Credit Facility.

On June 4, 2010, the Company redeemed the outstanding \$100.0 million of 8% senior unsecured Series 2006-1 Notes due April 8, 2013 at a redemption price equal to 102% of the principal amount of such notes, plus accrued and unpaid interest to the date of redemption.

The following table illustrates the long-term debt repayments that were made upon closing of the Global Credit Facility and subsequently:

<i>CAD (in thousands)</i>	
Term loan Credit Facility	\$ 377,114
Viterra Australia	283,196
8% Senior Secured Notes Series 2006-1	100,000
Total long term-debt repaid subsequent to April 30, 2010	\$ 760,310

On May 4, 2010, the Company filed a preliminary short form prospectus for the offering of up to \$500.0 million in Senior Unsecured Notes ("Series 2010-1 Notes"). The Company intends to use the net proceeds of the Offering for working capital and other corporate purposes including Global Credit Facility repayments. The Company intends to proceed to launch the transaction when capital market conditions enable it to meet its financing objectives.

The Company maintains an active role in all decisions affecting cash distributions from principal subsidiaries (those in which the Company has at least a 50% interest). The Company does not rely on distributions from subsidiaries or joint ventures to fund its capital spending programs or to meet its financial obligations.

Short-term debt is used during the year to finance operating requirements, which primarily consist of inventory purchases and financing of accounts receivable.

In the Grain Handling and Marketing segment, the level of short-term debt can also fluctuate as a result of changes in underlying commodity prices and the timing of grain purchases, while, in the Agri-products segment, changes in fertilizer prices can impact inventory values and customer and inventory prepayments.

Management believes that cash flow from operations and its access to undrawn credit facilities will provide Viterra with sufficient financial resources to fund its working capital requirements, planned capital expenditure programs, and debt servicing requirements. This belief is predicated upon the Company's expectations of future commodity and crop input prices, and the expected turnover of inventory and accounts receivable components of working capital. (See Section 12.0 - Forward-Looking Information).

## 5.5 Debt Ratings

The following table summarizes the Company's current credit ratings:

	Corporate Rating	Senior Unsecured Notes	Trend
Standard & Poor's	BBB-	BBB-	Stable
DBRS Limited	BBB (Low)	BBB (Low)	Stable
Moody's Investors Service	Ba1	Ba1	Stable

On March 6, 2010, Standard & Poor's upgraded its corporate credit rating on Viterra to investment grade with a stable trend based on its belief that the Company has materially enhanced its business risk profile with the acquisition of ABB and that it will preserve its investment-grade credit measures.

On May 5, 2010, Moody's Investor Service ("Moody's") assigned a Ba1 rating to the Company's proposed \$500.0 million Senior Unsecured Notes and affirmed the Company's Ba1 Corporate Family Rating and "Stable" outlook announced January 25, 2010 (one level below investment grade).

On May 19, 2010, Standard & Poor's raised the rating on the Senior Unsecured Notes to BBB- as well as confirming the BBB- rating and "Stable" outlook on the corporate rating.

## 5.6 Contractual Obligations

The following table summarizes the Company's outstanding contractual obligations as at April 30, 2010:

Contractual Obligations <i>(in thousands)</i>	Principal Payments Due by Period				
	Total	Less than 1 Year	1 to 3 Years	4 to 5 Years	After 5 Years
<b>Balance Sheet Obligations</b>					
Short-term debt	\$ 69,055	\$ 69,055	\$ -	\$ -	\$ -
Long-term debt	1,265,685	17,452	416,903	629,799	201,531
Other long-term obligations	143,913	24,425	34,814	19,415	65,259
	1,478,653	110,932	451,717	649,214	266,790
<b>Other Contractual Obligations</b>					
Operating leases	\$ 115,201	\$ 33,477	\$ 46,090	\$ 20,951	\$ 14,683
Purchase obligations <sup>1</sup>	612,285	571,571	40,398	316	-
	727,486	605,048	86,488	21,267	14,683
<b>Total Contractual Obligations</b>	<b>\$ 2,206,139</b>	<b>\$ 715,980</b>	<b>\$ 538,205</b>	<b>\$ 670,481</b>	<b>\$ 281,473</b>

<sup>1</sup> Substantially all of the purchase obligations represent contractual commitments to purchase commodities and products for resale.

The preceding table approximates the Company's remaining contractual maturity for its financial liabilities and matching financial assets as at April 30, 2010. Refer to Section 5.4 for information on subsequent events and the resulting impact on the Company's contractual obligations.

## 5.7 Off-Balance Sheet Arrangements

### 5.7.1 Viterra Financial

Viterra Financial™ provides grain and oilseed producers with secured and unsecured working capital financing, through a Canadian chartered bank, to purchase the Company's fertilizer, crop protection products, seed and equipment. Outstanding credit was \$292.8 million at April 30, 2010, compared to \$248.4 million at April 30, 2009. Overall, almost 90% of the current outstanding credit relates to Viterra Financial™'s highest credit rating categories. The Company indemnifies the bank for 50% of future losses under Viterra Financial™ to a maximum limit of 5% of the aggregate qualified portfolio balance. The Company's aggregate indemnity will vary at any given time with the size of the underlying portfolio. As at April 30, 2010, Viterra has provided \$6.9 million for actual and future expected losses.

Viterra Financial™ also provides livestock producers with secured and unsecured financing through a Canadian chartered bank to purchase feeder cattle, and related feed inputs under terms that do not require payment until the livestock are sold. Viterra Financial™ approved \$107.1 million, compared to \$96.6 million in the second quarter of fiscal 2009, in credit applications for Viterra's Feed Products customers, of which these customers had drawn \$51.3 million at April 30, 2010 (April 30, 2009 - \$44.5 million). The Company has indemnified the bank for aggregate credit losses of up to \$11.7 million based on the first 20% to 33% of new credit issued on an individual account as well as for credit losses, shared on an equal basis, of up to 5% of the aggregate qualified portfolio balance. The Company's aggregate indemnity will vary at any given time with the credit rating of underlying accounts and the aggregate credit outstanding. As at April 30, 2010, the Company had provided about \$0.5 million for actual and expected future losses.

## 6.0 Outstanding Share Data

The market capitalization of the Company's 371.6 million issued and outstanding shares at June 8, 2010 was \$2.9 billion or \$7.77 per share.

The issued and outstanding shares at June 8, 2010, together with securities convertible into common shares are summarized in the following table:

<i>As at June 8, 2010</i>	
<i>(Unaudited)</i>	
Issued and outstanding Common Shares	371,596,933
Securities convertible into Common Shares:	
Stock Options	2,704,591
	374,301,524

Included in the total as of April 30, 2010, are 28.3 million CDIs, which trade on the ASX.

## **7.0 Other Matters**

### **7.1 Accounting Policy Changes**

#### **7.1.1 International Financial Reporting Standards**

In February 2008, the Accounting Standards Board ("AcSB") announced that 2011 is the changeover date for publicly accountable enterprises to replace Canadian GAAP with International Financial Reporting Standards ("IFRS"). The date relates to interim and annual financial statements for fiscal years beginning on or after January 1, 2011, which will be applicable for Viterra's first quarter of fiscal 2012. Viterra will also be required to provide IFRS comparative information for the previous fiscal period.

Viterra has undertaken a project to assess the potential impacts of its transition to IFRS. A detailed project plan was developed and working teams formed to ensure compliance with the new standards. A steering committee of senior individuals from Finance, Treasury, Legal, Investor Relations and Information Technology has been established to monitor progress and review and approve recommendations from the working teams. Quarterly IFRS updates are provided to the Audit Committee of the Board of Directors.

Viterra has committed the appropriate resources and training to ensure the Company is compliant by the transition date. Part of the work that will be completed will include an assessment of the impact to accounting, financial reporting, information technology systems as well as certain contractual arrangements. The project has been broken down into four key phases, including Project Initiation and Initial Assessment, Detailed Assessment, Design and Execution.

Viterra has completed both the Initial and Detailed Assessment phases of its project plan. Key segments of these phases included determining accounting policy and disclosure changes that will be required upon transition to IFRS as well as the exemptions relating to IFRS 1, First-time Adoption of International Financial Reporting Standards.

Set out below is the significant difference between GAAP and IFRS that the Company has currently identified. Viterra continues to monitor standards development as issued by the International Accounting Standards Board and, as

standards change or are issued, there may be additional impacts on Viterra's assessment. In addition, Viterra may identify additional differences or experience changes in its business that may have an impact on the assessment.

A material item was identified for employee benefits based on differences between GAAP and IFRS relating to the accounting for defined benefit pension plans. IFRS has several technical differences from current GAAP accounting for defined benefit pension plans. As well, there are several accounting policy choices that are available under IFRS for pension accounting, including a choice that is similar to what the Company currently employs under GAAP. Compared to GAAP, IFRS introduces differences in the calculation of the expected future benefit, the liability for minimum funding requirements, the valuation allowance, and the interaction thereof.

All other identified differences are considered unlikely to have a significant impact on Viterra's Consolidated Financial Statements. These differences include:

- Presentation and Disclosure
- Business Combinations
- Impairment
- Provisions
- Share-based Payments
- Leases
- Foreign Currency Translation
- Income Taxes

In addition to the above noted differences, the Company has performed an assessment regarding IFRS 1 - First-time Adoption of International Financial Reporting Standards. IFRS 1 requires that first time adopters of IFRS retrospectively apply all effective IFRS standards and interpretations to determine the opening balance sheet as at the transition date. IFRS 1 provides for certain optional exemptions and mandatory exceptions to this general rule. At this stage, the Company is expecting to elect the following material optional exemptions under IFRS 1 that will apply as at the transition date of November 1, 2010:

- Business combinations – The Company expects to elect not to apply IFRS 3, Business Combinations, retrospectively to business combinations that occur prior to the transition date;
- Fair value or revaluation as deemed cost – An entity may elect to measure an item of property, plant and equipment at the transition date at its fair value and use that fair value as its deemed cost at that date. Viterra expects to elect to use a previous revaluation and an event driven fair value measurement that occurred prior to the transition date as deemed cost at the date of the revaluations;
- Employee benefits – Retrospective application of the corridor approach for recognition of actuarial gains and losses in accordance with IAS 19, Employee Benefits, would require a company to split the actuarial gains and losses from the date benefit plans were established to the transition date between a recognized and an unrecognized portion. Viterra expects to elect

to recognize all cumulative actuarial gains and losses for all plans that exist at the transition date in opening retained earnings; and

- Currency translation differences – Retrospective application of IFRS would require Viterra to determine the translation differences in accordance with IFRS from the date a subsidiary or associate was formed or acquired. Viterra expects to elect to reset all cumulative translation gains and losses to zero at the transition date.

As Viterra continues to monitor IFRS standards changed or issued there may be changes to the Company's expectations regarding these IFRS 1 optional exemptions. In addition, Viterra may identify circumstances or experience changes in its business that may have an impact on these expectations.

Viterra is currently working on the Design phase of its conversion project. Work has focused on areas assessed in the Detailed Assessment phase to have the greatest impact on results, disclosures and systems. Key segments of this phase include the design of implementation plans for all work streams affected by IFRS and drafting financial statements and notes to comply with IFRS. Based on work completed to date no significant changes required to the Company's information technology and data systems have been identified. The design work includes assessing the impact of changes on the design and effectiveness of internal controls and the development of controls over the transition. The Company will continue to assess the impact of the transition on information technology and data systems as well as on internal controls. The Company continues to provide training on IFRS throughout the organization on both current IFRS and potential changes in the standards to ensure the impacts are understood across the organization and any new differences are identified. Throughout the project there continues to be ongoing communication of identified differences, the implementation decisions made and the impact of those decisions on each area of the business.

### **7.1.2 Cost of Conversion of Inventories**

During the first quarter, the Company changed its classification of costs related to feed processing to more closely align internal and external reporting. The result of the change was a reclassification between Cost of sales and OG&A expenses. This change is considered to be a change in accounting policy and, therefore, was treated retrospectively with restatement of the prior year. The impact of the change in policy on the current period and the prior fiscal year is disclosed in Note 2 a) of the Consolidated Financial Statements.

## **7.2 Critical Accounting Estimates**

In preparing the Company's Consolidated Financial Statements, management is required to make estimates, assumptions and judgments as to the outcome of future events that might affect reported assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Such assessments are made using the best information available to management at the time. Although management reviews its estimates on an ongoing basis, actual results may differ from these estimates as confirming events occur. The following is an analysis of the critical accounting estimates that depend most heavily on such management estimates,

assumptions and judgments, any changes which may have a material impact on the Company's financial condition or results of operations. For more information about certain assumptions and risks that might affect these estimates, assumptions and judgments, refer to Section 12.0, Forward-Looking Information.

### 7.2.1 Future Income Taxes

At April 30, 2010, the Company had consolidated loss carry-forwards of \$106.8 million, compared to \$153.1 million at April 30, 2009, including \$27.8 million of losses for which a full valuation allowance has been taken. Of the \$27.8 million of losses, \$25.0 million relate to inactive subsidiaries of which the Company has less than a 100% interest. The Company has recorded a corresponding future tax asset of \$23.5 million, net of a valuation allowance of \$6.9 million, related to the Company's loss carry forwards.

## 8.0 Integration

As described in the Company's 2009 Annual Financial Review, on September 23, 2009, the Company acquired all of the issued and outstanding common shares of ABB, an Australian agri-business.

Integration of the two companies is continuing to progress well. Shareholders should benefit from annual estimated gross synergies of approximately \$30.0 million, with about \$20.0 million to be achieved in the Grain Handling and Marketing segment, \$9.0 million through reduced corporate expenses and the remaining \$1.0 million in various other segments. These synergies will be generated primarily through revenue and cost efficiency, with the full annualized benefit to be delivered in fiscal 2012. Detailed implementation plans have been completed to achieve these targeted synergies. As at April 30, 2010 the Company had achieved a total of \$9.6 million in synergies, primarily in the Grain Handling and Marketing segment, and is on track to achieve our full year 2010 and full annualized run rate synergy targets.

Integration costs related to severance and closures incurred by or related to ABB have been accrued on the balance sheet as part of the acquisition price of the ABB shares in accordance with the purchase method of accounting, with a corresponding increase in goodwill. On a pre-tax basis, estimated total net integration costs for both entities, which include share issuance costs and refinancing costs, are about \$113.2 million. The following table summarizes the actual costs to April 30, 2010:

<b>Estimated Integration Costs for ABB</b>	
As at April 30, 2010	<i>(in millions)</i>
Pre-tax estimated total integration costs	113.2
Integration costs already paid	(81.9)
Remaining integration costs to be paid	31.3
Costs accrued and outstanding	(16.1)
Estimated costs to be expensed or capitalized	15.2

These costs are being financed by free cash flow.



## **9.0 Risks and Risk Management**

Viterra faces certain risks which can impact its financial performance. For additional information on other risks and general business information, readers should review the 2009 Management's Discussion and Analysis and the 2009 Annual Information Form.

### **9.1 Foreign Exchange Risk**

The Company undertakes certain transactions denominated in foreign currencies and as a result foreign currency exposures arise. The Company is exposed to foreign exchange risk on financial commodity contracts, which are denominated in foreign currencies, and on its investment in foreign subsidiaries. The Company uses derivative financial instruments, such as foreign currency forward contracts and futures contracts, and options to limit exposures to changes in foreign currency denominated assets and liabilities as well as anticipated transactions.

The acquisition of ABB has exposed the Company to the impact of changes in the AUD to CAD exchange rate on its net investment in Viterra Australia. For accounting purposes, ABB is considered a self-sustaining entity and therefore the impact of changes in the exchange rate will be recognized in the Accumulated Other Comprehensive Income (Loss) section of the Company's Consolidated Statement of Shareholders' Equity.

To the extent that the Company has not fully hedged its foreign exchange risks, a fluctuation of the CAD against the USD, AUD or other relevant currencies could have a material effect on Viterra's financial results.

During the year, the Company entered into a series of derivative contracts in connection with its offer to acquire Dakota Growers. These derivatives were used to mitigate the risk of economic loss arising from changes in the value of the USD compared to the CAD. The financial impact of the derivatives are recorded as Acquisition Derivative in the Consolidated Statements of Earnings.

### **9.2 Interest Rate Risk**

The Company's exposure to interest rate risk relates primarily to the Company's debt obligations. The Company manages interest rate risk and currency risk on borrowings by using a combination of cash instruments, forward contracts and a mixture of fixed and floating rates. The Company has entered into interest rate swaps to manage variable interest rates associated with a portion of the Company's debt portfolio. The Company uses hedge accounting for interest rate swaps used to mitigate the impact of variable rates on long-term debt.

On May 17, 2010 the Company announced that it had closed a \$1.6 billion unsecured revolving credit facility through a syndicate of financial institutions. As a result of this transaction, the Company's exposure to interest rate risk has changed and outstanding interest rate swaps were settled at fair market value. (See Section 5.4 as well as notes 12 b) iii) and 14 b) of the Consolidated Financial Statements for further information regarding the new facility).

During the year, the Company entered into derivative contracts in connection with its plans to replace current borrowing facilities (see Section 5.4). The Company has entered into bond forward contracts in order to protect against the impact of rising interest rates and uses hedge accounting to record the financial impact.

## **10.0 Non-GAAP Measures**

EBITDA (earnings before interest, taxes, amortization, gain (loss) on disposal of assets, integration expenses, and acquisition derivative) and EBIT (earnings before interest, taxes, gain (loss) on disposal of assets, integration expenses, and acquisition derivative) are non-GAAP measures. Those items excluded in the determination of EBITDA and EBIT represent items that are non-cash in nature, income taxes, financing charges or are otherwise not considered to be in the ordinary course of business. These measures are intended to provide further insight with respect to Viterra's financial results and to supplement its information on earnings (losses) as determined in accordance with GAAP.

EBITDA is used by management to assess the cash generated by operations, and EBIT is a measure of earnings from operations prior to financing costs and taxes. Both measures also provide important management information concerning business segment performance since the Company does not allocate financing charges, income taxes or other excluded items to these individual segments.

Total debt, net of cash and cash equivalents, is provided to assist investors and is used by management in assessing the Company's liquidity position and to monitor how much debt the Company has after taking into account its liquid assets, such as cash and cash equivalents. Such measures should not be used in isolation of, or as a substitute for, current liabilities, short-term borrowings, or long-term debt as a measure of the Company's indebtedness.

Cash flow provided by operations is the cash from (or used in) operating activities, excluding non-cash working capital changes. Viterra uses cash flow provided by operations and cash flow provided by operations per share as a financial measure for the evaluation of liquidity. Management believes that excluding the seasonal swings of non-cash working capital assists their evaluation of long-term liquidity.

Free cash flow is cash flow provided by operations (prior to any changes in non-cash working capital) net of capital expenditures, excluding business acquisitions. Free cash flow is used by management to assess liquidity and financial strength. This measurement is also useful as an indicator of the Company's ability to service its debt, meet other payment obligations and make strategic investments. Readers should be aware that free cash flow does not represent residual cash flow available for discretionary expenditures.

These non-GAAP measures should not be considered in isolation of, or as a substitute for, GAAP measures such as (i) net earnings (loss), as an indicator of the Company's profitability and operating performance or (ii) cash flow from or used in operations, as a measure of the Company's ability to generate cash. Such measures do not have any standardized meanings prescribed by Canadian GAAP and are,

therefore, unlikely to be comparable to similar measures presented by other corporations.

Reconciliations of each of these terms are provided in the table below.

<b>Non-GAAP Terms, Reconciliations and Calculations</b>			
<i>(In thousands - except percentages and ratios)</i>			
	2010*	2009	Better (Worse)
<b>For the six months ended April 30,</b>			
Gross profit and net revenues from services	\$ 545,989	\$ 331,978	\$ 214,011
Operating, general and administrative expenses	(362,978)	(252,983)	(109,995)
<b>EBITDA</b>	\$ 183,011	\$ 78,995	\$ 104,016
Amortization	(74,203)	(50,790)	(23,413)
<b>EBIT</b>	\$ 108,808	\$ 28,205	\$ 80,603
Net earnings (loss)	\$ 29,063	\$ (6,641)	\$ 35,704
Amortization	74,203	50,790	23,413
Non-cash financing expenses	6,350	2,478	3,872
Employee future benefits	2,981	2,415	566
Non-cash acquisition derivative	3,074	-	3,074
Future income taxes (recovery)	(5,111)	1,324	(6,435)
(Gain) Loss on disposal of assets	(375)	8,252	(8,627)
Other items	823	1,163	(340)
<b>Cash flow prior to working capital changes</b>	\$ 111,008	\$ 59,781	\$ 51,227
Property, plant and equipment expenditures	(44,098)	(29,342)	(14,756)
<b>Free Cash Flow</b>	\$ 66,910	\$ 30,439	\$ 36,471
<b>As at April 30,</b>			
Current assets	\$ 2,896,565	\$ 2,671,196	\$ 225,369
Current liabilities	\$ 1,132,643	\$ 1,096,670	\$ (35,973)
<b>Current Ratio (Current Assets/Current Liabilities)</b>	2.56 x	2.44 x	0.12 x
Short-term borrowings	\$ 69,055	\$ 91,227	\$ 22,172
[A] Long-term debt due within one year	17,452	18,513	1,061
[A] Long-term debt	1,232,009	682,701	(549,308)
[B] Total debt	\$ 1,318,516	\$ 792,441	\$ (526,075)
Cash and short-term investments	\$ 488,224	\$ 665,420	\$ (177,196)
Bank indebtedness	(6,779)	(52)	(6,727)
[C] Cash and cash equivalents	\$ 481,445	\$ 665,368	\$ (183,923)
<b>Total Debt, Net of Cash and Cash Equivalents</b>	\$ 837,071	\$ 127,073	\$ (709,998)
[D] Total equity	\$ 3,485,508	\$ 2,190,404	\$ 1,295,104
[E] Total capital [B + D]	\$ 4,804,024	\$ 2,982,845	\$ 1,821,179
<b>Total Debt-to-Capital [B]/[E]</b>	27.4%	26.6%	(0.8 pt)
<b>Long-Term Debt-to-Capital [A]/[E]</b>	26.0%	23.5%	(2.5 pt)

\* Includes results for Viterro Australia's operations.

## 11.0 Evaluation of disclosure and procedures

Management, including the President and Chief Executive Officer and Chief Financial Officer has evaluated the design of Viterro's disclosure controls and procedures and internal controls over financial reporting (as defined in National Instrument 52-109 of the Canadian Securities Administrators) as of April 30, 2010. Management has concluded that, as of April 30, 2010, Viterro's disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR") are designed effectively to provide reasonable assurance that material information relating to Viterro and its consolidated subsidiaries and joint ventures would be made known to them by others within those entities, particularly during the period in which this report was being prepared, except as noted below in the scope limitation that exists as a result of the purchase of ABB.

There have been no other changes in the Company's internal control over financial reporting that occurred during the period, except as noted in the scope limitation below, that have materially affected or are reasonably likely to materially affect the Company's internal controls over financial reporting.

### Limitation on scope of design:

Management has limited the scope of design of our disclosure controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures of ABB and its subsidiaries. The chart below presents the summary financial information of ABB:

<b>Balance Sheet Data (\$ millions)</b>	<b>At April 30, 2010</b>	
Current assets	\$	749.2
Long-term assets	\$	1,561.5
Current liabilities	\$	265.1
Long-term liabilities	\$	979.6
<b>Income Statement Data (\$ millions)</b>	<b>Three Months Ending April 30, 2010</b>	
Total revenue	\$	613.7
Net income/(loss) for the period	\$	1.7
	<b>Six Months Ending April 30, 2010</b>	
Total revenue	\$	1,299.4
Net income/(loss) for the period	\$	23.1

The scope limitation is in accordance with National Instrument 52-109 3.3(1)(b), which allows an issuer to limit its design of DC&P or ICFR to exclude controls, policies and procedures of an acquired company not more than 365 days before the end of the financial period to which the certificate relates.

## **12.0 Forward-Looking Information**

Certain statements in this Management’s Discussion and Analysis are forward-looking statements and reflect Viterra’s expectations regarding future results of operations, financial condition and achievements. All statements that address activities, events or developments that Viterra or its management expects or anticipates will or may occur in the future, including such things as growth of its business and operations, competitive strengths, strategic initiatives, planned capital expenditures, plans and references to future operations and results, critical accounting estimates and expectations regarding future capital resources and liquidity of the Company and such matters, are forward-looking statements. In addition, the words “believes”, “intends”, “anticipates”, “expects”, “estimates”, “plans”, “likely”, “will”, “may”, “could”, “should”, “would”, “outlook”, “forecast”, “objective”, “continue” (or the negative thereof) and words of similar import may indicate forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance and achievements of Viterra to be materially different from any future results, performance and achievements expressed or implied by those forward-looking statements. A number of factors could cause actual results to differ materially from expectations, including, but not limited to, those factors discussed under the heading Risk Factors in Viterra’s 2009 Annual Information Form and in the Company’s 2009 Management’s Discussion and Analysis under the heading “Risks and Risk Management”; adverse weather conditions; political and economic risks; changes in regulation; commodity price and market risks; employee relations, collective bargaining and third-party relationships; integration risk associated with the merger of Viterra and ABB and integration risk related to other acquisitions; foreign exchange risk; availability of credit and credit costs; availability and cost of water in Australia; dependence on key personnel; environmental, health and safety risks; property and liability risks; food and agricultural products risks; diseases and other livestock industry risks; credit risk; commodity trading risks; and reliance on business

information systems. The uncertainties and other factors include, but are not limited to, crop production and crop quality in Western Canada and South Australia; world agricultural commodity prices and markets; producers' decisions regarding total seeded acreage, crop selection, and utilization levels of farm inputs such as fertilizer and pesticides; changes in the grain handling and agri-products, food processing and feed products competitive environments, including pricing pressures; Canadian and Australian grain export levels; changes in government policy and transportation deregulation; international trade matters; global political and economic conditions, including grain subsidy actions and tariffs of the United States and the European Union; global financial crises and changes in credit markets; and competitive developments in connection with Viterra's grain handling, agri-products, food processing, feed products and financial products businesses. Many of these risks, uncertainties and other factors are beyond the control of the Company. All of the forward-looking statements made in this Management's Discussion and Analysis and the documents incorporated herein by reference are qualified by these cautionary statements and the other cautionary statements and factors contained herein or in documents incorporated by reference herein, and there can be no assurance that the actual developments or results anticipated by the Company and its management will be realized or, even if substantially realized, that they will have the expected consequences for, or effects on, the Company.

Although Viterra believes the assumptions inherent in forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this Management's Discussion and Analysis. In addition to other assumptions identified in this Management's Discussion and Analysis, assumptions have been made regarding, among other things:

- western Canadian and southern Australian crop production and quality in 2010 and subsequent crop years;
- the volume and quality of grain held on-farm by producer customers in North America;
- movement and sales of Board grains by the CWB;
- the amount of grains and oilseeds purchased by other marketers in Australia;
- demand for and supply of open market grains;
- movement and sale of grain and grain meal in Australia and New Zealand, particularly in the Australian states of South Australia, Victoria and New South Wales;
- agricultural commodity prices;
- demand for oat, canola, and barley products and the market share of these products that will be achieved;
- general financial conditions for western Canadian and southern Australian agricultural producers;
- demand for seed grain, fertilizer, chemicals and other agri-products;
- market share of grain deliveries and agri-products sales that will be achieved by Viterra;
- extent of customer defaults in connection with credit provided by Viterra, its subsidiaries or a Canadian chartered bank in connection with feed product and agri-products purchases;
- ability of the railways to ship grain to port facilities for export without labour or other service disruptions;

- demand for oat, canola and malt barley products, and the market share of sales of these products that will be achieved by Viterra;
- ability to maintain existing customer contracts and relationships;
- the availability of feed ingredients for livestock;
- cyclicalities of livestock prices;
- demand for wool and the market share of sales of wool production that will be achieved by Viterra's subsidiaries in Australia;
- the impact of competition;
- environmental and reclamation costs; and
- the ability to obtain and maintain existing financing on acceptable terms, and currency, exchange and interest rates.

The preceding list is not exhaustive of all possible factors. All factors should be considered carefully when making decisions with respect to Viterra, and undue reliance should not be placed on Viterra's forward-looking information.

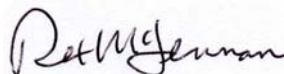
Viterra disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise, except as otherwise required by applicable law.

### **13.0 Annual Management's Discussion and Analysis**

This Management's Discussion and Analysis relating to the second quarter ended April 30, 2010, should be read in conjunction with Viterra's Management's Discussion and Analysis for its year ended October 31, 2009. Additional information relating to Viterra, including the most recent Annual Information Form filed by the Company, is available on SEDAR at [sedar.com](http://sedar.com) and Viterra's website, [viterra.ca](http://viterra.ca).



Mayo Schmidt  
President and Chief Executive Officer  
June 9, 2010



Rex McLennan  
Chief Financial Officer

Viterra Inc.  
Regina, Saskatchewan  
Calgary, Alberta  
Adelaide, South Australia  
[viterra.ca](http://viterra.ca)



**CONSOLIDATED BALANCE SHEETS**

(in thousands)

<b>AS AT</b>	<b>April 30, 2010</b>		<b>April 30, 2009</b>		<b>October 31, 2009</b>	
	(unaudited)		(unaudited)		(audited)	
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash	\$	349,414	\$	73,135	\$	165,200
Short-term investments		138,810		592,285		868,469
Accounts receivable		954,162		709,725		1,004,674
Inventories (Note 3)		1,263,191		1,160,655		960,896
Prepaid expenses and deposits		134,495		81,550		89,768
Future income taxes		56,493		53,846		44,142
		<u>2,896,565</u>		<u>2,671,196</u>		<u>3,133,149</u>
<b>Investments</b>		9,446		7,908		9,706
<b>Property, Plant and Equipment</b>		2,333,400		1,133,463		2,411,105
<b>Other Long-Term Assets</b>		98,658		61,282		118,025
<b>Intangible Assets</b>		48,113		26,486		42,766
<b>Goodwill</b>		692,621		302,157		699,974
<b>Future Income Taxes</b>		7,882		3,962		8,023
	\$	<u>6,086,685</u>	\$	<u>4,206,454</u>	\$	<u>6,422,748</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
<b>Current Liabilities</b>						
Bank indebtedness	\$	6,779	\$	52	\$	594
Short-term borrowings (Note 5)		69,055		91,227		291,128
Accounts payable and accrued liabilities		1,038,724		986,878		1,095,366
Long-term debt due within one year		17,452		18,513		18,151
Future income taxes		633		-		573
		<u>1,132,643</u>		<u>1,096,670</u>		<u>1,405,812</u>
<b>Long-Term Debt</b>		1,232,009		682,701		1,265,435
<b>Other Long-Term Liabilities</b>		60,879		75,744		72,471
<b>Future Income Taxes</b>		175,646		160,935		170,111
		<u>2,601,177</u>		<u>2,016,050</u>		<u>2,913,829</u>
<b>Shareholders' Equity</b>						
Retained earnings		454,804		319,270		425,741
Accumulated other comprehensive income (loss)		8		(14,563)		54,216
		<u>454,812</u>		<u>304,707</u>		<u>479,957</u>
Share capital (Note 6)		3,025,491		1,883,337		3,025,486
Contributed surplus		5,205		2,360		3,476
		<u>3,485,508</u>		<u>2,190,404</u>		<u>3,508,919</u>
	\$	<u>6,086,685</u>	\$	<u>4,206,454</u>	\$	<u>6,422,748</u>

Commitments, contingencies and guarantees (Note 11)



**CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)**  
(in thousands)

<b>FOR THE PERIOD ENDED</b>	<b>Three Months Ended April 30, 2010</b> (unaudited)	<b>Three Months Ended April 30, 2009</b> (unaudited) (restated - Note 2a)	<b>Six Months Ended April 30, 2010</b> (unaudited)	<b>Six Months Ended April 30, 2009</b> (unaudited) (restated - Note 2a)
Sales and other operating revenues	\$ 2,048,138	\$ 1,608,048	\$ 3,833,888	\$ 2,989,789
Cost of sales (excluding amortization see Note 3)	(1,778,242)	(1,398,641)	(3,287,899)	(2,657,811)
Gross profit and net revenues from services	269,896	209,407	545,989	331,978
Operating, general and administrative expenses	(176,653)	(124,007)	(362,978)	(252,983)
	93,243	85,400	183,011	78,995
Amortization	(35,378)	(24,612)	(74,203)	(50,790)
	57,865	60,788	108,808	28,205
Gain (loss) on disposal of assets	741	(8,007)	375	(8,252)
Integration expenses	(2,195)	(2,020)	(3,174)	(3,696)
Acquisition derivative	(3,074)	-	(3,074)	-
Financing expenses (Note 10)	(30,355)	(12,206)	(67,586)	(21,456)
	22,982	38,555	35,349	(5,199)
Recovery of (provision for) corporate taxes				
Current	(15,404)	11	(11,397)	(118)
Future	10,832	(12,257)	5,111	(1,324)
Net earnings (loss)	\$ 18,410	\$ 26,309	\$ 29,063	\$ (6,641)
Basic and diluted earnings (loss) per share (Note 7)	\$ 0.05	\$ 0.11	\$ 0.08	\$ (0.03)





**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
(in thousands)

<b>FOR THE PERIOD ENDED</b>	<b>Three Months Ended April 30, 2010</b>	<b>Three Months Ended April 30, 2009</b>	<b>Six Months Ended April 30, 2010</b>	<b>Six Months Ended April 30, 2009</b>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net earnings (loss)	\$ 18,410	\$ 26,309	\$ 29,063	\$ (6,641)
Other comprehensive income (loss)				
Realized gain on dedesignated hedged contracts included in net earnings, net of tax of \$ 302 (2009 - \$ 479)	(168)	(458)	(740)	(1,066)
Unrealized gain (loss) on cash flow hedges, net of tax of \$ 1,707 (2009 - \$ 4,893)	1,585	1,188	(2,939)	(9,299)
Realized loss (gain) on cash flow hedges, net of tax of \$ (1,818) (2009 - \$ (2,503) )	(1,502)	2,828	3,563	5,458
Unrealized gain on net investment hedges, net of tax of \$ (769) (2009 - nil)	109	-	2,187	-
Unrealized gain (loss) on available for sale assets, net of tax of \$ 1 (2009 - \$(2) )	1	4	(5)	12
Unrealized effect of foreign currency translation of foreign operations	(10,947)	172	(56,274)	98
Other comprehensive income (loss)	(10,922)	3,734	(54,208)	(4,797)
<b>Comprehensive income (loss)</b>	<b>\$ 7,488</b>	<b>\$ 30,043</b>	<b>\$ (25,145)</b>	<b>\$ (11,438)</b>

**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(in thousands)

(unaudited)	<b>Share Capital</b>	<b>Contributed Surplus</b>	<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Retained Earnings</b>	<b>Total Shareholders' Equity</b>
	(Note 6)				
As at October 31, 2008	\$ 1,883,336	\$ 1,244	\$ (9,766)	\$ 325,911	\$ 2,200,725
Share capital issued	1	-	-	-	1
Stock-based compensation	-	1,116	-	-	1,116
Other comprehensive income (loss)					
Realized gain on dedesignated hedged contracts, net of tax of \$ 479	-	-	(1,066)	-	(1,066)
Unrealized loss on cash flow hedges, net of tax of \$ 4,893	-	-	(9,299)	-	(9,299)
Realized loss on cash flow hedges, net of tax of \$ (2,503)	-	-	5,458	-	5,458
Unrealized gain on available for sale assets, net of tax of \$ (2)	-	-	12	-	12
Unrealized effect of foreign currency translation of foreign operations	-	-	98	-	98
Net loss for the period	-	-	-	(6,641)	(6,641)
As at April 30, 2009	\$ 1,883,337	\$ 2,360	\$ (14,563)	\$ 319,270	\$ 2,190,404
Share capital issued	1,142,149	-	-	-	1,142,149
Options exercised	-	(1)	-	-	(1)
Stock-based compensation	-	1,117	-	-	1,117
Other comprehensive income (loss)					
Realized gain on dedesignated hedged contracts, net of tax of \$ 412	-	-	(1,014)	-	(1,014)
Unrealized gain on cash flow hedges, net of tax of \$ (7,028)	-	-	16,636	-	16,636
Realized gain on cash flow hedges, net of tax of \$ 568	-	-	(1,194)	-	(1,194)
Unrealized loss on available for sale assets, net of tax of \$ 10	-	-	(60)	-	(60)
Unrealized effect of foreign currency translation of foreign operations	-	-	54,411	-	54,411
Future income taxes share issuance costs	-	-	-	5,171	5,171
Share issuance costs	-	-	-	(18,468)	(18,468)
Net earnings for the period	-	-	-	119,768	119,768
As at October 31, 2009	\$ 3,025,486	\$ 3,476	\$ 54,216	\$ 425,741	\$ 3,508,919
Share capital issued	5	-	-	-	5
Options exercised	-	(2)	-	-	(2)
Stock-based compensation	-	1,731	-	-	1,731
Other comprehensive income (loss)					
Realized gain on dedesignated hedged contracts, net of tax of \$ 302	-	-	(740)	-	(740)
Unrealized loss on cash flow hedges, net of tax of \$ 1,707	-	-	(2,939)	-	(2,939)
Realized loss on cash flow hedges, net of tax of \$ (1,818)	-	-	3,563	-	3,563
Unrealized gain on net investment hedges, net of tax of \$ (769)	-	-	2,187	-	2,187
Unrealized loss on available for sale assets, net of tax of \$ 1	-	-	(5)	-	(5)
Unrealized effect of foreign currency translation of foreign operations	-	-	(56,274)	-	(56,274)
Net earnings for the period	-	-	-	29,063	29,063
As at April 30, 2010	\$ 3,025,491	\$ 5,205	\$ 8	\$ 454,804	\$ 3,485,508



**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)

<b>FOR THE PERIOD ENDED</b>	<b>Three Months Ended April 30, 2010</b>	<b>Three Months Ended April 30, 2009</b>	<b>Six Months Ended April 30, 2010</b>	<b>Six Months Ended April 30, 2009</b>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Cash From (Used In) Operating Activities</b>				
Net earnings (loss)	\$ 18,410	\$ 26,309	\$ 29,063	\$ (6,641)
Adjustments for items not involving cash				
Amortization	35,378	24,612	74,203	50,790
Future income tax provision (recovery)	(10,832)	12,257	(5,111)	1,324
Employee future benefits (Note 9)	1,319	1,089	2,981	2,415
Non-cash financing expenses (Note 10)	3,776	1,246	6,350	2,478
Loss (gain) on disposal of assets	(741)	8,007	(375)	8,252
Non-cash acquisition derivative	3,074	-	3,074	-
Other items	477	1,158	823	1,163
Adjustments for items not involving cash	32,451	48,369	81,945	66,422
	50,861	74,678	111,008	59,781
Changes in non-cash working capital items				
Accounts receivable	(26,646)	(59,830)	17,669	61,407
Inventories	(146,355)	(304,972)	(314,222)	(319,669)
Accounts payable and accrued liabilities	(15,346)	184,005	(57,079)	62,199
Prepaid expenses and deposits	107,807	37,911	(48,366)	9,933
Changes in non-cash working capital	(80,540)	(142,886)	(401,998)	(186,130)
Cash used in operating activities	(29,679)	(68,208)	(290,990)	(126,349)
<b>Cash From (Used in) Financing Activities</b>				
Proceeds from long-term debt	149	125	1,654	100,125
Repayment of long-term debt	(7,138)	(4,797)	(14,382)	(9,134)
Proceeds (repayment) of short-term borrowings	(94,389)	71,942	(212,864)	73,458
Repayment of other long-term liabilities, net	(153)	(128)	(424)	(352)
Increase in share capital	3	1	3	1
Cash from (used in) financing activities	(101,528)	67,143	(226,013)	164,098
<b>Cash From (Used in) Investing Activities</b>				
Property, plant and equipment expenditures	(18,549)	(14,648)	(44,098)	(29,342)
Proceeds on sale of property, plant and equipment	1,702	(244)	2,290	538
Business acquisitions (Note 4)	(3,220)	(3,395)	(3,220)	(6,825)
Business divestitures (Note 4)	19,557	-	19,557	-
Decrease (increase) in investments	-	-	101	(238)
Increase in intangible assets	(5,913)	(5,211)	(8,229)	(5,211)
Cash used in investing activities	(6,423)	(23,498)	(33,599)	(41,078)
<b>Decrease in Cash and Cash Equivalents</b>	(137,630)	(24,563)	(550,602)	(3,329)
<b>Cash and Cash Equivalents, Beginning of Period</b>	618,753	690,254	1,033,075	669,010
<b>Impact on cash of unrealized effect of foreign currency translation of foreign operations</b>	322	(323)	(1,028)	(313)
<b>Cash and Cash Equivalents, End of Period</b>	\$ 481,445	\$ 665,368	\$ 481,445	\$ 665,368
Cash and cash equivalents consist of:				
Cash	\$ 349,414	\$ 73,135	\$ 349,414	\$ 73,135
Short-term investments	138,810	592,285	138,810	592,285
Bank indebtedness	(6,779)	(52)	(6,779)	(52)
	\$ 481,445	\$ 665,368	\$ 481,445	\$ 665,368
Supplemental disclosure of cash paid during the period from operations:				
Interest paid	\$ 20,770	\$ 20,246	\$ 68,569	\$ 26,322
Income taxes paid	\$ 4,743	\$ 2,917	\$ 9,861	\$ 7,790



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
April 30, 2010 (unaudited) - in thousands of Canadian dollars, except as noted

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## 1. NATURE OF BUSINESS

Viterra Inc. (the “Company”) is a publicly traded, vertically integrated International agri-business. Business operations include four reporting segments: Grain Handling and Marketing, Agri-products, Processing and Corporate. The Company has changed the composition of reportable segments from the prior year. The Processing segment combines Food Processing and Feed Products. Financial Products is now included in the Agri-products segment.

On September 23, 2009, the Company acquired ABB Grain Ltd. (“ABB”), an Australian agri-business. The results of operations of ABB are included in the Company’s consolidated financial statements commencing upon acquisition. The subsidiary, including its subsidiaries and its direct parent holding company, is referred to herein as Viterra Australia.

The Grain Handling and Marketing segment includes grain storage facilities, joint venture grain facilities, and processing plants strategically located in the prime agricultural growing regions of North America, Australia and New Zealand. This segment also includes port terminal facilities located in Canada and Australia. Activity in this segment consists of the collection of grain through the Company’s primary storage system, shipping to inland or port terminals, cleaning of grain to meet regulatory specifications, and sales to domestic or export markets. Earnings are volume driven. Revenue is also derived through grain handling, blending, storage and other ancillary services, as well as the sale of byproducts.

The Agri-products segment includes an ownership interest in a fertilizer manufacturer, fertilizer distribution, a network of retail locations and offers financial services such as lending and cash management. Agri-products sales lines include fertilizer, crop protection products, seed and seed treatments, equipment, general merchandise, wool and livestock.

The Processing segment in North America includes the manufacturing and marketing of value-added food products associated with oats, canola and malt barley for domestic and export markets. This segment also includes activities relating to formulating and manufacturing of feed products at feed mills and pre-mix facilities across the western regions of Canada and the United States (“U.S.”). At Viterra Australia, the Processing segment includes malting plants positioned across Australia and a feed business in New Zealand.

Weather conditions are the primary risk in the agri-business industry. Grain volumes, grain quality, the volume and mix of crop inputs sold and ultimately, the financial performance of the Company, are highly dependent upon weather conditions throughout the crop production cycle.

The Company’s earnings follow the seasonal pattern of grain production in each geographic location. Activity peaks in the spring as new crops are sown and in the fall as mature crops are harvested. The volume of grain shipments are relatively stable through the quarters, but

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can be influenced by destination customer demand, customer export programs, and producers' marketing decisions. Sales of the Company's agri-products peak during the growing season, supplemented by additional crop nutrient sales in the late fall.

## 2. ACCOUNTING POLICIES

These interim unaudited consolidated statements are based on accounting principles consistent with those used and described in the October 31, 2009 annual consolidated financial statements. The Company's accounting policies are in accordance with Canadian generally accepted accounting principles. All amounts are reported in Canadian dollars unless specifically stated to the contrary. However, these financial statements do not include all of the information and disclosures required for annual financial statement presentation. The interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended October 31, 2009.

Certain comparative figures have been reclassified to conform to the current year's presentation.

### a) Changes to Significant Accounting Policies – Cost of Conversion of Inventories

During the six months ending April 30, 2010, the Company changed its classification of costs related to feed processing to more closely align internal and external reporting. The result of the change was a reclassification between Cost of sales and Operating, general and administrative expenses. This change is considered to be a change in accounting policy and, therefore, was treated retrospectively with restatement of the prior year.

The impact of the change in policy on the respective three and six months ended April 30, 2010 was to increase cost of sales and decrease operating, general and administrative expenses by \$1.4 million and \$3.1 million respectively.

The impact of the restatement on the Consolidated Statement of Earnings for fiscal 2009 over the four quarters is to increase cost of sales and reduce operating, general and administrative expenses as follows:

<b>Three Months Ended</b>	<b>Impact</b>
January 31, 2009	\$ 1,557
April 30, 2009	2,045
July 31, 2009	3,365
October 31, 2009	3,965
Total	\$ 10,932

Inventories and net earnings have not been restated as the impact was insignificant.

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**b) Future Accounting Changes – International Financial Reporting Standards**

In January 2006, the Canadian Institute of Chartered Accountants Accounting Standards Board adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards for public companies would be required to converge with International Financial Reporting Standards (“IFRS”) for fiscal years beginning on or after January 1, 2011 with comparative figures presented on the same basis. In February 2008, the Accounting Standards Board confirmed the effective due date of the initial adoption of IFRS. The impact of the transition to IFRS on the Company’s consolidated financial statements continues to be assessed.

**3. INVENTORIES**

<b>As at</b>	<b>April 30, 2010</b>	<b>April 30, 2009</b>	<b>October 31, 2009</b>
Grain	\$ 460,543	\$ 338,650	\$ 469,196
Agri-products	715,766	759,748	381,485
Processing			
Raw materials and supplies	28,648	40,742	20,999
Work in progress	2,094	2,272	24,955
Finished goods	56,140	19,243	64,261
	<u>\$ 1,263,191</u>	<u>\$ 1,160,655</u>	<u>\$ 960,896</u>

Grain cost of sales includes the cost of inventories, net realized and unrealized gains and losses on commodity contracts and exchange-traded derivatives, and freight.

Amortization of \$10.1 million and \$20.7 million for the respective three and six month periods ended April 30, 2010 (2009 - \$7.8 million and \$15.5 million) related to the manufacture of inventory that has now been sold is included in amortization expense.

Write-downs related to Agri-products inventory of \$0.5 million and \$1.5 million for the respective three and six month periods ended April 30, 2010 (2009 – nil and \$26.8 million) have been included in cost of sales.

**4. BUSINESS ACQUISITIONS AND DIVESTITURE**

**a) Acquisition of ABB**

As the acquisition of ABB has recently been completed, the purchase price allocation between the assets and liabilities acquired, including goodwill and intangibles will be finalized in a subsequent period.

During the six month period ending April 30, 2010, adjustments to the preliminary purchase price allocation reported in the Company’s annual consolidated financial statements for the year ended October 31, 2009 have resulted in an additional \$2.3 million of goodwill. The change is a result of updated fair values including a reduction in deferred financing charges by approximately \$8.4 million net of tax, an increase in property, plant and equipment and other long-term assets of \$11.3 million relating to the Australian Bulk Alliance (“ABA”) joint venture and other insignificant adjustments.

**b) Divestiture of ABA**

During the three month period ending April 30, 2010, the Company sold its 50 percent interest in ABA for \$19.6 million, which includes a \$12.1 million shareholder loan repayment. There was no gain or loss recorded on the disposal. ABA was proportionately consolidated within the Grain Handling and Marketing segment prior to disposal.

**c) Other**

During the three month period ending April 30, 2010, the Company purchased certain agri-products retail assets for a total consideration of \$3.2 million.

On June 25, 2009, the Company purchased certain businesses of Associated Proteins Limited Partnership of Ste. Agathe, Manitoba, Canada for a total consideration of \$76.1 million. During the three month period ending April 30, 2010, an adjustment to the fair market value of current assets acquired resulted in a \$3.3 million increase in goodwill recorded in the Processing segment.

**5. SHORT-TERM BORROWINGS**

<b>As at</b>	<b>April 30, 2010</b>	<b>April 30, 2009</b>	<b>October 31, 2009</b>
Viterra Australia	\$ 69,055	\$ -	\$ 291,128
Members' demand loans	-	19,290	-
Revolving credit facility	-	71,937	-
	<u>\$ 69,055</u>	<u>\$ 91,227</u>	<u>\$ 291,128</u>

In January 2010, the Company utilized \$300 million Australian dollars ("AUD") of cash and cash equivalents to reduce drawings on the \$1,200 million AUD bank facility of Viterra Australia. As at April 30, 2010, there are drawings of \$300.5 million AUD included in long-term debt. Refer to Note 14(b) for further information regarding the Company's borrowing facilities.

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## 6. SHARE CAPITAL AND STOCK-BASED COMPENSATION PLANS

### a) Common Voting Shares

Authorized

Unlimited Common Voting Shares

	Common Voting Shares	
	Number <sup>1</sup>	Amount
Balance, October 31, 2008	237,049,213	\$ 1,883,336
Share issuance for cash	150	1
Balance, April 30, 2009	237,049,363	\$ 1,883,337
Share issuance for cash	56,250,500	450,005
Adjustment to share capital from contributed surplus for options exercised	-	2
Issued upon acquisition of ABB	78,296,645	692,142
Balance, October 31, 2009	371,596,508	\$ 3,025,486
Share issuance for cash	425	3
Adjustment to share capital from contributed surplus for options exercised	-	2
Balance, April 30, 2010	371,596,933	\$ 3,025,491

<sup>1</sup>Number of shares are not shown in thousands

### b) Management Stock Option Plan

The maximum number of common shares that may be issued under options issued pursuant to the Management Stock Option Plan is approximately 10.2 million common shares. Once the 2.7 million common shares that can potentially be issued under currently granted and contingently granted options are deducted, approximately 7.5 million common shares have been reserved for subsequent option grants.

The expense related to stock options is recognized over the vesting period based on the fair value of options determined by the Black-Scholes option pricing model with the following weighted average assumptions: risk-free rate 2.5%, dividend yield 0%, a volatility factor of the expected market price of the Company's shares of 38%, and an expected option life of 4.7 years. The Company's stock-based compensation expense for the respective three and six month periods ended April 30, 2010 was \$0.9 million and \$1.7 million (2009 - \$0.8 million and \$1.1 million).



	Number of Options <sup>1</sup>	Weighted Average Grant-Date Fair Value	Weighted Average Exercise Price	Number of Options Exercisable <sup>1</sup>	Weighted Average Exercise Price
Outstanding October 31, 2008	706,246		\$ 18.55	71,834	\$ 74.99
Options granted	957,594	\$ 3.09	\$ 9.02		
Forfeited	(734)		\$ 55.27		
Exercised	(150)		\$ 5.90		
Outstanding April 30, 2009	1,662,956		\$ 13.00	70,950	\$ 74.72
Forfeited	(1,636)		\$ 49.44		
Expired	(3,630)		\$ 168.00		
Exercised	(500)		\$ 5.90		
Outstanding October 31, 2009	1,657,190		\$ 12.67	384,391	\$ 19.59
Options granted	1,066,914	\$ 3.50	\$ 9.97		
Forfeited	(1,088)		\$ 59.07		
Expired	(18,000)		\$ 135.14		
Exercised	(425)		\$ 5.90		
Outstanding April 30, 2010	2,704,591		\$ 10.76	364,877	\$ 13.79

<sup>1</sup>Number of options are not shown in thousands

The following table summarizes the options outstanding and exercisable as at April 30, 2010:

Range of Exercise Price	Number of Options Outstanding <sup>1</sup>	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number of Options Exercisable <sup>1</sup>	Weighted Average Exercise Price
\$ < 6.00	5,913	3.21	\$ 5.90	5,913	\$ 5.90
\$ 6.01 - \$ 10.00	2,024,508	6.16	9.52	319,206	9.02
\$ 10.01 - \$ 51.00	662,290	5.53	13.58	27,878	46.80
\$ 51.01 - \$ 70.00	11,880	0.32	68.40	11,880	68.40
	2,704,591	5.97	\$ 10.76	364,877	\$ 13.79

<sup>1</sup>Number of options are not shown in thousands

## 7. EARNINGS (LOSS) PER SHARE

	Three Months Ended April 30		Six Months Ended April 30	
	2010	2009	2010	2009
Net earnings (loss)	\$ 18,410	\$ 26,309	\$ 29,063	\$ (6,641)
Denominator for basic earnings per share amounts:				
Weighted average number of shares outstanding <sup>1</sup>	371,597	237,049	371,597	237,049
Basic earnings (loss) per share	\$ 0.05	\$ 0.11	\$ 0.08	\$ (0.03)
Denominator for diluted earnings per share amounts:				
Weighted average number of shares outstanding <sup>1</sup>	371,640	237,106	371,677	237,049
Diluted earnings (loss) per share	\$ 0.05	\$ 0.11	\$ 0.08	\$ (0.03)

<sup>1</sup>Number of shares in thousands

For the six months ended April 30, 2009, share options in the amount of 21,577 have not been included in the computation of diluted earnings (loss) per share because to do so would have been anti-dilutive for the period.

## 8. SEGMENTED INFORMATION

A description of the types of products and services from which the segments derive their revenue is included in the Nature of Business (Note 1). The segments' accounting policies are consistent with those described in Accounting Policies (Note 2). The Company accounts for inter-segment sales at current market prices under normal trade terms.

	Three Months Ended April 30		Six Months Ended April 30	
	2010	2009	2010	2009
<b>Sales and other operating revenues</b>				
Grain Handling and Marketing	\$ 1,424,225	\$ 1,126,390	\$ 2,765,216	\$ 2,090,420
Agri-products	440,261	270,300	655,535	460,211
Processing	303,124	230,271	614,632	476,025
	2,167,610	1,626,961	4,035,383	3,026,656
Less: Inter-segment sales	119,472	18,913	201,495	36,867
	\$ 2,048,138	\$ 1,608,048	\$ 3,833,888	\$ 2,989,789
<b>Inter-segment sales</b>				
Grain Handling and Marketing	\$ 119,628	\$ 16,122	\$ 201,531	\$ 33,637
Processing	(156)	2,791	(36)	3,230
	\$ 119,472	\$ 18,913	\$ 201,495	\$ 36,867
<b>Gross profit and net revenues from services</b>				
Grain Handling and Marketing	\$ 153,764	\$ 126,134	\$ 355,463	\$ 222,198
Agri-products	76,976	55,708	109,575	50,806
Processing	39,156	27,565	80,951	58,974
	\$ 269,896	\$ 209,407	\$ 545,989	\$ 331,978
<b>Operating, general and administrative expenses</b>				
Grain Handling and Marketing	\$ (80,175)	\$ (49,126)	\$ (172,195)	\$ (97,265)
Agri-products	(46,986)	(37,540)	(91,519)	(73,737)
Processing	(16,449)	(17,993)	(35,058)	(37,642)
Corporate	(33,043)	(19,348)	(64,206)	(44,339)
	\$ (176,653)	\$ (124,007)	\$ (362,978)	\$ (252,983)
<b>EBITDA<sup>1</sup></b>				
Grain Handling and Marketing	\$ 73,589	\$ 77,008	\$ 183,268	\$ 124,933
Agri-products	29,990	18,168	18,056	(22,931)
Processing	22,707	9,572	45,893	21,332
Corporate	(33,043)	(19,348)	(64,206)	(44,339)
	\$ 93,243	\$ 85,400	\$ 183,011	\$ 78,995
<b>Amortization</b>				
Grain Handling and Marketing	\$ (17,517)	\$ (10,087)	\$ (35,625)	\$ (20,208)
Agri-products	(11,374)	(9,747)	(22,556)	(21,125)
Processing	(7,362)	(4,569)	(15,204)	(9,037)
Corporate	875	(209)	(818)	(420)
	\$ (35,378)	\$ (24,612)	\$ (74,203)	\$ (50,790)

<sup>1</sup> EBITDA – Earnings before interest, taxes, amortization, gain (loss) on disposal of assets, integration expenses and acquisition derivative.

	Three Months Ended April 30		Six Months Ended April 30	
	2010	2009	2010	2009
<b>EBIT<sup>2</sup></b>				
Grain Handling and Marketing	\$ 56,072	\$ 66,921	\$ 147,643	\$ 104,725
Agri-products	18,616	8,421	(4,500)	(44,056)
Processing	15,345	5,003	30,689	12,295
Corporate	(32,168)	(19,557)	(65,024)	(44,759)
	\$ 57,865	\$ 60,788	\$ 108,808	\$ 28,205

<sup>2</sup> EBIT – earnings before interest, taxes, gain (loss) on disposal of assets, integration expenses and acquisition derivative.

## 9. EMPLOYEE FUTURE BENEFITS

### a) Defined Benefit Plans and Future Benefits

The Company's net benefit costs related to defined benefit pension plans and other future benefits for the respective three and six month periods ended April 30, 2010 were \$1.3 million and \$3.0 million (2009 - \$1.1 million and \$2.4 million).

### b) Defined Contribution Plans

The Company, including subsidiaries and affiliates, contributes to several defined contribution plans including multi-employer plans. The Company's total consolidated defined contribution plan expense for the respective three and six month periods ended April 30, 2010, was \$3.8 million and \$7.8 million (2009 - \$2.9 million and \$5.6 million).

## 10. FINANCING EXPENSES

	Three Months Ended April 30		Six Months Ended April 30	
	2010	2009	2010	2009
Interest on:				
Long-term debt	\$ 22,042	\$ 11,867	\$ 49,759	\$ 23,507
Short-term debt	5,330	1,197	16,178	2,056
Interest income	(310)	(1,132)	(3,800)	(4,579)
CWB carrying charge recovery	(483)	(972)	(901)	(2,006)
	26,579	10,960	61,236	18,978
Interest accretion	929	478	1,844	942
Amortization of deferred financing costs	2,847	768	4,506	1,536
	\$ 30,355	\$ 12,206	\$ 67,586	\$ 21,456

## 11. COMMITMENTS, CONTINGENCIES AND GUARANTEES

### a) Letters of Credit

At April 30, 2010, the Company had outstanding letters of credit and similar instruments of \$31.4 million (October 31, 2009 - \$5.1 million, April 30, 2009 - \$5.1 million). The terms range in duration and expire at various dates from November 30, 2010 to March 1, 2011. The amounts vary depending on underlying business activity or the specific agreements in place with the third parties. These instruments effectively

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reduce the amount of cash that can be drawn on the revolving credit facility and the Australian syndicate debt facility.

**b) Indemnification of Accounts Receivable – Viterra Financial™**

The Company has a rolling five-year agreement with a Canadian Schedule I chartered bank to provide credit for qualifying agricultural producers to purchase crop inputs. The agreement may be terminated at an earlier date by mutual consent or by either party upon one year's written notice. The Company indemnifies the bank for 50% of future losses to a maximum of 5% of the aggregate qualified portfolio balance. The Company's aggregate indemnity will vary at any given time with the size of the underlying portfolio. As at April 30, 2010, outstanding credit was \$292.8 million (October 31, 2009 - \$528.1 million, April 30, 2009 - \$248.4 million) and the Company's obligation for past and future losses is current with the bank in accordance with the Agency Agreement.

The Company also has a rolling five-year agreement with a Canadian Schedule I chartered bank to provide loans to feed product customers to purchase feeder cattle, as well as related feed inputs, with terms that do not require payment until the livestock is sold. The agreement may be terminated at an earlier date by mutual consent or by either party upon one year's written notice. The Company has indemnified the bank for credit losses based on the first 20% to 33% of new credit issued on an individual account, dependent on the account's underlying credit rating, with losses in excess of these amounts shared on an equal basis with the bank up to 5% on the aggregate qualified portfolio balance. The Company's aggregate indemnity will vary at any given time with the credit rating of the underlying accounts and the aggregate credit outstanding. As at April 30, 2010, outstanding credit was \$51.3 million (October 31, 2009 - \$35.8 million, April 30, 2009 - \$44.5 million) and the Company's obligation for past and future losses is current with the bank in accordance with the Agency Agreement.

**c) Guarantees**

The Company's subsidiary, Viterra Australia, has entered into a Deed of Cross Guarantee with certain controlled entities. The effect of this Deed is that Viterra Australia and each of these controlled entities has guaranteed to pay any deficiency of any of the companies' party to the Deed in the event of any of those companies being wound up. Viterra Australia has also issued letters of financial support to its joint venture National Growers Registers Pty Ltd. The consolidated net assets of the entities party to the Deed of Cross Guarantee is \$1.5 billion at April 30, 2010 (October 31, 2009 - \$889.0 million).

Viterra Australia is a self-insurer in South Australia for workers' compensation liability and is subject to a bank guarantee for \$1.2 million (October 31, 2009 - \$1.6 million).

The Company is contingently liable under four guarantees given to third-party lenders who have provided certain financing facilities to its wholly owned foreign subsidiaries. As at April 30, 2010, the maximum amounts of the guarantees are \$80.5 million and Japanese Yen ("JPY") 2.0 billion or approximately \$101.9 million in aggregate. As at

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April 30, 2010 the principal outstanding and included in the Company's consolidated borrowings was nil (October 31, 2009 – nil, April 30, 2009 - nil).

The Company is contingently liable to a finance company for a portion of losses incurred related to potential producer delinquencies associated with equipment leases and credit provided for the purchase of fertilizer bins. Given historically low delinquent rates in conjunction with collateral values of assets, the Company has accrued no obligation.

The Company is contingently liable under several guarantees given to third-party lenders who have provided long-term financing to certain independent hog producers. As at April 30, 2010, the current outstanding balance of these guarantees is \$2.4 million (October 31, 2009 - \$2.5 million, April 30, 2009 - \$2.6 million). These guarantees diminish as the underlying loans are repaid and expire in 2014 and 2015.

**d) Asset Retirement Obligations**

The asset retirement obligations represent the best estimate by management of the legal obligations it would incur during the reclamation process relating to closed facilities and current leases. Reclamation involves the demolition of facilities and the reclamation of land. Uncertainty exists regarding the estimation of future decommissioning and reclamation costs.

At April 30, 2010, the Company estimated that the undiscounted cash flow required to settle the asset retirement obligations was approximately \$41.0 million (October 31, 2009 - \$19.2 million, April 30, 2009 - \$21.2 million), which is expected to be settled over the 2010 through 2022 period. The credit adjusted risk-free rates at which the estimated cash flows have been discounted range from 4.0% to 9.0%

**e) Commitment**

On April 20, 2010, the Company entered into a joint venture to build a canola crushing facility in the Province of Guangxi, South China. The total expected investment is \$20.0 to \$25.0 million USD.

**f) Director and Officer Indemnification**

The Company indemnifies its directors and officers against any and all claims or losses reasonably incurred in the performance of their service to the Company to the extent permitted by law. The Company has acquired and maintains liability insurance for its directors and officers as well as those of certain affiliated companies.

**g) Other Indemnification Provisions**

From time to time, the Company enters into agreements in the normal course of operations and in connection with business or asset acquisitions or dispositions. By their nature, these agreements may provide for indemnification of counterparties. The varying nature of these indemnification agreements prevents the Company from making a reasonable estimate of the maximum potential amount it could incur. Historically, the

Company has not made any significant payments in connection with these indemnification provisions.

**h) Other Contingencies**

As at April 30, 2010, there are claims against the Company in varying amounts for which a provision in the financial statements is not considered necessary. The occurrence of the confirming future event is not determinable or it is not possible to determine the amounts that may ultimately be assessed against the Company with respect to these claims. Management believes that any such amounts would not have a material impact on the business or financial position of the Company.

**12. FINANCIAL AND OTHER INSTRUMENTS AND HEDGING**

**a) Fair Value**

The following table presents the fair value of the Company's financial instruments and non-financial derivatives where fair value is recognized in the balance sheet. The table also identifies the financial instrument category and the level per the fair value hierarchy.

	April 30, 2010			Financial Instruments		April 30, 2009		October 31, 2009	
	Fair Value	Level	Category	Fair Value	Level	Fair Value	Level		
<b>Financial assets:</b>									
Cash	\$ 349,414	1	HFT	\$ 73,135	1	\$ 165,200	1		
Short-term investments	138,810	1	HFT-D	592,285	1	868,469	1		
Exchange traded derivatives	7,327	1	HFT	3,836	1	58,331	1		
Commodity forward contracts	103,477	2	HFT	84,853	2	89,571	2		
Foreign exchange forward contracts (Over the Counter ("OTC"))	35,861	2	HFT	5,669	2	19,266	2		
Interest rate swaps	360	2	HFT	-	2	470	2		
Available for sale at fair value	412	1	AFS	76	1	25	1		
<b>Financial liabilities:</b>									
Exchange traded derivatives	2,580	1	HFT	14,638	1	35,993	1		
Commodity forward contracts	58,422	2	HFT	34,334	2	61,708	2		
Foreign exchange forward contracts (OTC)	22,285	2	HFT	6,140	2	2,835	2		
Foreign exchange swaps	2,752	2	HFT	-	2	-	2		
Interest rate swaps	16,701	2	HFT	25,577	2	20,102	2		
Natural gas options	1,035	2	HFT	3,359	2	588	2		

Financial instruments category/guide:      HFT      Held for trading  
    HFT-D      Held for trading – designated  
    AFS      Available for sale

Changes in fair value of commodity contracts and exchange-traded derivatives are included in cost of sales.

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**b) Financial Risks and Risk Management**

The Company faces certain financial risks such as commodity price, foreign exchange, interest rate, credit and liquidity risk which can impact its financial performance. The Company is exposed to changes in commodity prices, foreign exchange rates and interest rates. The Company utilizes a number of financial instruments to manage these exposures. The Company mitigates risk associated with these financial instruments through Board-approved policies, limits on use and amount of exposure, internal monitoring and compliance reporting to senior management and the Board. For additional information on other general and environmental risks and how they arise and are managed, readers should review the 2009 Annual Information Form and Section 17 of Management's Discussion and Analysis included in the 2009 Annual Financial Review.

**i. Commodity Price Risk**

The Company's diverse range of services are spread across the agribusiness supply chain. As a result, the Company is exposed to agricultural and other related commodity price movements within the market as part of its normal operations. The Company uses exchange-traded futures and options contracts to minimize the effects of changes in the prices of hedgeable agricultural commodities on its agribusiness inventories and agricultural commodities forward cash purchase and sales contracts. Exchange-traded futures and options contracts are valued at the quoted market prices. Forward purchase contracts and forward sales contracts are valued at the quoted market prices, which are based on exchange quoted prices adjusted for freight and handling costs. The Company manages the risk associated with inventory and open contracts on a combined basis.

The Company's Risk Management Policy provides limits within which management may maintain inventory and certain long or short commodity positions. Based on the Company's April 30, 2010 closing positions, a \$10 per tonne change in commodity market prices and a \$2 per tonne change in basis levels would result in a \$1.5 million change to the Company's after tax earnings on commodity positions. In relation to the natural gas contracts outstanding at April 30, 2010, a \$1 gigajoule change in market prices would result in a \$0.5 million change to the Company's after tax earnings.

**ii. Foreign Exchange Risk**

The Company undertakes certain transactions denominated in foreign currencies and, as a result, foreign currency exposures arise. The Company is exposed to foreign exchange risk on financial commodity contracts which are denominated in foreign currencies and on its investment in foreign subsidiaries. The Company uses derivative financial instruments, such as foreign currency forward contracts, futures contracts, and options to limit exposures to changes in foreign currency exchange rates with respect to its recorded foreign currency denominated assets and liabilities as well as anticipated transactions.

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The Company uses hedge accounting to match the cash flow of some of its processed products sold in foreign funds with its foreign dollar currency hedging instruments. Maturity dates for the foreign exchange forward contracts on anticipated transactions extend for 18 months. As at April 30, 2010, the portion of the forward contracts considered to be ineffective is \$0.7 million. The estimated amount reported in other comprehensive income that is expected to be reclassified to net earnings as a component of sales and other operating revenues during the next 12 months is an after tax gain of \$6.6 million.

Except as noted above, the foreign currency forward contracts, futures contracts, and options used by the Company are marked-to-market and unrealized gains and losses are recognized in income in the period in which they occur.

During the six month period ending April 30, 2010, the Company entered into a \$300 million foreign exchange swap arrangement in order to limit exposure to a change in the AUD on a portion of its net investment in Viterra Australia. The derivative is being used to mitigate the risk of economic loss arising from changes in the value of the AUD compared to the Canadian dollar. The Company uses hedge accounting for the foreign exchange swap used to hedge a portion of the net investment. The effective portion of the translation of the hedged portion of the net investment is recognized in other comprehensive income while any ineffective portion is recognized immediately in net earnings. Gains and losses relating to the effective portion of the hedge are recognized in net earnings in the same period during which corresponding exchange gains or losses arising from the translation of the financial statements of Viterra Australia are recognized in net earnings. As at April 30, 2010, the portion of the foreign exchange swap considered to be ineffective is nil. The estimated amount reported in other comprehensive income that is expected to be reclassified to net earnings during the next 12 months is nil.

During the three month period ended April 30, 2010, the Company entered into a series of derivative contracts in connection with its offer to acquire Dakota Growers Pasta Company Inc. (Note 14). The Company has entered into option arrangements in order to limit exposure to a change in the U.S. dollar ("USD") on \$240 million USD. These derivatives were used to mitigate the risk of economic loss arising from changes in the value of the USD compared to the Canadian dollar.

The following table details the Company's sensitivity as at the balance sheet date, had currencies moved as illustrated, with all other variables held constant.



	2010	
	Impact On Earnings, After Tax	Impact On Equity, After Tax
<b>10% increase</b>		
CDN/AUD	\$ -	\$ (143,950)
CDN/USD	(17,208)	270
CDN/Euro	(78)	-
CDN/GBP	(19)	-
AUD/USD	(1,361)	(3,609)
AUD/Euro	(1,895)	(96)
AUD/Japanese Yen	(183)	(299)
AUD/New Zealand dollars	(1,059)	(3,187)
AUD/Singapore dollars	10	-
<b>10% decrease</b>		
CDN/AUD		143,950
CDN/USD	17,208	(270)
CDN/Euro	78	-
CDN/GBP	19	-
AUD/USD	2,335	3,788
AUD/Euro	2,318	118
AUD/Japanese Yen	218	321
AUD/New Zealand dollars	1,295	(4,420)
AUD/Singapore dollars	(13)	-

The Company's exposure to foreign exchange risk changed with the acquisition of ABB. The Company is now exposed to the currencies utilized in the operations of, as well as its net investment in, Viterro Australia, most significantly the AUD. The sensitivity at the balance sheet date is not representative of the sensitivity throughout the year as the balance sheet date exposure does not reflect the exposure during the year. The sensitivities should therefore be used with care.

**iii. Interest Rate Risk**

The Company's exposure to interest rate risk relates primarily to the Company's debt obligations. The Company manages interest rate risk and currency risk on borrowings by using a combination of cash instruments, forwards and a mixture of fixed and floating rates. The Company has entered into interest rate swaps to manage variable interest rates associated with a portion of the Company's debt portfolio. The Company uses hedge accounting for interest rate swaps used to hedge variable rate long-term debt. As at April 30, 2010, the portion of interest rate swaps considered to be ineffective is \$1.3 million. Due to the subsequent change in financing facilities (Note 14(b)), the full balance reported in other comprehensive income is expected to be reclassified to net earnings as a component of financing expenses during the next quarter. The impact is an estimated after tax expense of \$9.6 million.

The following table approximates the hedged fixed rate of interest on the credit facilities based on the Company's current credit ratings and interest rate swaps. The table also details the Company's sensitivity as at the balance sheet date, had the

illustrated changes occurred on the interest rate swaps and short-term borrowings, with all other variables held constant.

	<b>Short-Term Borrowings</b>	<b>Canadian dollar Borrowings</b>	<b>U.S. dollar Borrowings</b>	<b>AUD Borrowings</b>
	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>
Hedged fixed rate of interest on the credit facility	n/a	7.1%	8.0%	7.9%
Impact of 25 basis point change on after tax other comprehensive review	\$ -	\$ 1,381	\$ 293	\$ 206
Impact of 25 basis point change on after tax net earnings	\$ 123	\$ -	\$ -	\$ -

During the year, the Company entered into derivative contracts in connection with its plans to replace current borrowing facilities (Note 14(c)). The Company has entered into bond forward contracts in order to protect against the impact of rising interest rates. These derivatives are being used to mitigate the risk of economic loss arising from changes in the interest rates. The Company uses hedge accounting for the bond forward contracts used to hedge the portion of future semi-annual interest payments on the anticipated debt issuance. The effective portion of changes in the fair value of the bond forward contract is recognized in other comprehensive income while any ineffective portion is recognized immediately in net earnings. Gains and losses relating to the effective portion of the hedge will be amortized with interest expense over the term of the debt. The impact of a 25 basis point change in interest rates on after tax other comprehensive income is approximately \$2.8 million. As at the balance sheet date, there would be no impact on after tax earnings.

**iv. Credit Risk**

The Company is exposed to credit risk in respect of trade receivables which the Company manages through ongoing credit reviews of all significant contracts and analysis of payment and loss history. The absence of significant financial concentration of such receivables, except as noted below for receivables from the Canadian Wheat Board (“CWB”), limits its exposure to credit risk. Credit risk exposure for the Agri-products and Processing segments are also limited through an arrangement with a Canadian Schedule I chartered bank which provides for limited recourse to the Company for credit losses on accounts receivable under Viterra Financial<sup>TM</sup>.

The Company is also exposed to credit risk in the event of non-performance of its counterparties on its derivative contracts. However, in the case of over-the-counter derivative contracts, the Company only contracts with pre-authorized counterparties where agreements are in place and the Company monitors the credit ratings of its counterparties on an ongoing basis. Exchange-traded futures contracts used to hedge future revenues in the Company’s grain business are not subject to any significant credit risk as the changes in contract positions are settled daily through a recognized exchange.

All bad debt write-offs are charged to operating, general and administrative expenses. The year to date changes in the allowance for losses against accounts receivable are as follows:

	<b>April 30, 2010</b>	<b>April 30, 2009</b>	<b>October 31, 2009</b>
Beginning balance	\$ 8,081	\$ 11,942	\$ 11,942
Provision for losses	1,560	581	(40)
Write-offs, net of recoveries	(1,087)	(2,329)	(3,821)
Ending balance	\$ 8,554	\$ 10,194	\$ 8,081

The distribution of trade accounts receivable by credit quality as at the balance sheet is shown in the following table:

	<b>April 30, 2010</b>	<b>April 30, 2009</b>	<b>October 31, 2009</b>
Not past due	\$ 555,475	\$ 433,720	\$ 515,215
Past due:			
Past due < 60 days	14,907	53,491	62,065
Past due > 61 days and < 90 days	3,144	2,458	4,384
Past due > 91 days	42,018	6,802	15,710
Allowances for losses	(8,554)	(10,194)	(8,081)
	\$ 606,990	\$ 486,277	\$ 589,293

Included in trade accounts receivable is \$140.1 million due from the CWB which represents a significant concentration of credit risk.

The Company's maximum credit exposure at the balance sheet date consists primarily of the carrying amounts of non-derivative financial assets such as short-term investments, accounts receivable and long-term receivables as well as the fair value of commodity contracts, exchange-traded derivatives, and other non-trade assets included in accounts receivable.

Short-term investments are held with one Schedule I Canadian commercial bank and have maturities of less than six months.

**v. Liquidity Risk**

The Company's liquidity risk refers to its ability to settle or meet its obligations as they fall due and is managed as part of the risk strategy. The Company actively maintains credit facilities to ensure it has sufficient available funds to meet current and foreseeable financial requirements. Management believes that future cash flows from operations and availability under existing banking arrangements will be adequate to support these financial liabilities.

The following table approximates the Company's remaining contractual maturity for its financial liabilities and matching financial assets as at the balance sheet date. Refer to Note 14(b) for information on subsequent events and the resulting impact on the Company's contractual obligations. The table below details the undiscounted cash flows of financial instruments based on the earliest date on

which the Company can be required to pay. The table includes both interest and principal cash flows.

	<b>Contractual Cash Flows</b>	<b>Within 1 Year</b>	<b>1 to 2 Years</b>	<b>2 to 3 Years</b>	<b>Thereafter</b>
<b>Financial Assets:</b>					
Commodity forward contracts	\$ 91,319	\$ 71,509	\$ 19,810	\$ -	\$ -
Foreign exchange forward contracts (OTC)	61,169	52,759	8,372	38	-
Interest rate swaps	22,446	2,960	7,488	10,589	1,409
Exchange-traded derivatives	3,014	2,634	380	-	-
<b>Financial Liabilities:</b>					
Bank indebtedness	(6,779)	(6,779)	-	-	-
Short-term borrowings	(69,055)	(69,055)	-	-	-
Other liabilities	(943,589)	(943,589)	-	-	-
Interest rate swaps	(49,765)	(23,785)	(12,495)	(11,942)	(1,543)
Commodity forward contracts	(65,583)	(57,500)	(8,083)	-	-
Foreign exchange forward contracts (OTC)	(9,225)	(9,067)	(154)	(4)	-
Exchange-traded derivatives	(1,616)	(1,083)	(533)	-	-
Long-term debt, including current portion	(1,633,104)	(90,203)	(95,091)	(482,805)	(965,005)
Classified as other liabilities	(5,485)	(400)	(651)	(1,708)	(2,726)

**c) Collateral**

The Company has charged substantially all assets of the Company and certain of its subsidiaries as security for borrowings. Refer to Note 14 for information on the subsequent events and the resulting impact on the Company's borrowing facilities.

**13. MANAGEMENT OF CAPITAL**

The Company's objective when managing capital is to strive for a long-term manageable level of debt to total capital. Due to the seasonal nature of the Company's short-term borrowing requirements, the Company's objective is to manage the level of debt to total capital between 30% to 40%.

Debt to total capital is defined as total interest bearing debt divided by total interest bearing debt plus the book value of total shareholders' equity. Interest bearing debt is the aggregate of bank indebtedness, short-term borrowings, long-term debt due within one year and long-term debt.

As at	April 30, 2010	April 30, 2009	October 31, 2009
Bank indebtedness	\$ 6,779	\$ 52	\$ 594
Short-term borrowings	69,055	91,227	291,128
Total short-term debt	\$ 75,834	\$ 91,279	\$ 291,722
Long-term debt due within one year	\$ 17,452	\$ 18,513	\$ 18,151
Long-term debt	1,232,009	682,701	1,265,435
Total long-term debt	\$ 1,249,461	\$ 701,214	\$ 1,283,586
Total interest bearing debt	\$ 1,325,295	\$ 792,493	\$ 1,575,308
Shareholders' equity	\$ 3,485,508	\$ 2,190,404	\$ 3,508,919
Total capital	\$ 4,810,803	\$ 2,982,897	\$ 5,084,227
Debt to total capital:			
As at the balance sheet date	28:72	27:73	31:69
Four quarter average	30:70	25:75	29:71

The Company has a covenant to maintain a debt to capitalization rate as prescribed by the financial institutions. During the period, the Company is in compliance with external covenants relating to the management of capital.

#### 14. SUBSEQUENT EVENTS

##### a) Acquisition of Dakota Growers Pasta Company

On May 5, 2010, the Company completed the acquisition of all the issued and outstanding shares of Dakota Growers Pasta Company, Inc. ("Dakota Growers"), a leading producer and marketer of dry pasta products in North America. The transaction was structured as a tender offer followed by a merger of a Company subsidiary and Dakota Growers.

The all-cash transaction represents a total enterprise value of \$240 million USD, subject to certain adjustments. Derivatives were used to mitigate the risk of economic loss arising from changes in the value of the USD compared to the Canadian dollar between the announcement of the acquisition and the expected closing date (Note 12).

##### b) Global Credit Facility

On May 17, 2010, the Company announced that it had closed a \$1.6 billion unsecured revolving credit facility ("Global Credit Facility") through a syndicate of financial institutions. The Global Credit Facility, which includes sub-tranches of Canadian \$800 million and Australian \$850 million, was effective May 18, 2010.

The facility is available in Canadian, Australian, U.S. and New Zealand dollars at LIBOR plus a margin of 3.00%. The margin is based on the Company's current credit rating.

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The three-year unsecured operating line, which expires on May 18, 2013, replaced the Company's existing \$800 million line of credit in Canada and the \$1.2 billion AUD operating line in Australia and will be used to support the Company's global working capital requirements. Upon closing of the Global Credit Facility, the Company has undertaken the following steps:

- i. The Company had previously announced that it had applied \$300 million AUD in cash to reduce seasonal drawings on the Australia operating facility. Those dollars have now been used to permanently reduce the long-term debt of Viterra Australia.
- ii. Approximately \$380 million was used to repay the amount outstanding under its term loan Credit Facility.
- iii. On June 4, 2010 the Company redeemed the outstanding \$100 million 8% senior unsecured Series 2006-1 Notes due April 8, 2013 at a redemption price equal to 102% of the principal amount of such notes, plus accrued and unpaid interest to the date of redemption.

The Company has the right to increase the facility by up to \$400 million. As a result of closing this facility and repayment of the term loan Credit Facility, all security has been released on the company's debt including the \$500 million of Series 2009-1 and Series 2007-1 long-term notes that remain outstanding.

**c) Long-Term Debt**

On May 4, 2010, the Company filed a preliminary short form prospectus for the offering of up to \$500 million in Senior Unsecured Notes ("Series 2010-1 Notes"). The Company intends to use the net proceeds of the offering for working capital and other corporate purposes including Global Credit Facility repayments. The timing of the offering will depend on financial market conditions.

**d) Acquisition of 21<sup>st</sup> Century Grain Processing**

On May 27, 2010, the Company announced it has signed a definitive agreement to acquire 21<sup>st</sup> Century Grain Processing, a U.S. based processor of oats, wheat and custom-coated grains, for an all cash purchase price of \$90.5 million USD, subject to adjustments for debt, cash and working capital levels at the time of closing.