CONSOLIDATED BALANCE SHEETS

(in thousands)

AS AT	January 31, 2011	January 31, 2010	October 31, 2010
	(unaudited)	(unaudited)	(audited)
ASSETS			
Current Assets			
Cash	$ 200,466	$ 98,560	$ 107,428
Short-term investments	138,461	526,059	88,204
Accounts receivable	1,256,476	916,968	995,656
Inventories (Note 3)	1,905,267	1,119,914	1,211,887
Prepaid expenses and deposits	205,583	242,955	107,638
Future income taxes	8,702	41,108	30,067
	3,714,955	2,945,564	2,540,880
Investments	8,167	9,604	9,661
Property, Plant and Equipment	2,481,106	2,370,318	2,491,047
Other Long-Term Assets	119,402	118,024	123,136
Intangible Assets	151,131	41,517	154,915
Goodwill	767,799	691,483	772,233
Future Income Taxes	8,496	6,297	25,010
	$ 7,251,056	$ 6,182,807	$ 6,116,882
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Bank indebtedness	$ 50,160	$ 5,866	$ 40,839
Short-term borrowings	776,928	165,067	61,677
Accounts payable and accrued liabilities	1,487,912	1,019,040	1,151,652
Long-term debt due within one year	2,092	18,064	2,295
Future income taxes	1,708	637	391
	2,318,800	1,208,674	1,256,854
Long-Term Debt	889,269	1,249,762	896,834
Other Long-Term Liabilities	53,947	75,243	51,351
Future Income Taxes	199,187	171,970	201,580
	3,461,203	2,705,649	2,406,619
Shareholders' Equity			
Retained earnings	652,056	436,394	571,013
Accumulated other comprehensive income (Note 4)	104,420	10,930	107,192
	756,476	447,324	678,205
Share capital (Note 5)	3,026,080	3,025,490	3,025,491
Contributed surplus	7,297	4,344	6,567
	3,789,853	3,477,158	3,710,263
	$ 7,251,056	$ 6,182,807	$ 6,116,882

Commitments, contingencies and guarantees (Note 10)

CONSOLIDATED STATEMENTS OF EARNINGS
(in thousands)

FOR THE PERIOD ENDED	Three Months Ended January 31, 2011 (unaudited)	Three Months Ended January 31, 2010 (unaudited)
Sales and other operating revenues	$ 2,470,537	$ 1,784,525
Cost of sales (excluding amortization see Note 3)	(2,058,915)	(1,508,432)
Gross profit and net revenues from services	411,622	276,093
Operating, general and administrative expenses	(200,359)	(186,325)
	211,263	89,768
Amortization	(49,264)	(38,825)
	161,999	50,943
Gain (loss) on disposal of assets	843	(366)
Integration expenses	(511)	(979)
Financing expenses (Note 9)	(28,931)	(37,231)
	133,400	12,367
Recovery of (provision for) corporate taxes		
Current	(1,029)	4,007
Future	(32,748)	(5,721)
Net earnings	$ 99,623	$ 10,653
Basic and diluted earnings per share (Note 6)	$ 0.27	$ 0.03

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

FOR THE PERIOD ENDED	Three Months Ended January 31, 2011	Three Months Ended January 31, 2010
	(unaudited)	(unaudited)
Net earnings	$ 99,623	$ 10,653
Other comprehensive income (loss), net of tax		
Reclassification of gain on dedesignated hedged contracts	-	(572)
Unrealized gain (loss) on cash flow hedges	2,538	(4,524)
Reclassification of loss on cash flow hedges	1,574	5,065
Net investment hedges	5,741	2,078
Unrealized loss on available for sale assets	(1)	(6)
Unrealized effect of foreign currency translation of foreign operations	(12,624)	(45,327)
Other comprehensive loss	(2,772)	(43,286)
Comprehensive income (loss)	$ 96,851	$ (32,633)

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands)

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Retained Earnings	Total Shareholders' Equity
	(Note 5)				
As at October 31, 2009	$ 3,025,486	$ 3,476	$ 54,216	$ 425,741	$ 3,508,919
Share capital issued	4	-	-	-	4
Options exercised	-	(2)	-	-	(2)
Stock-based compensation	-	870	-	-	870
Other comprehensive income (loss), net of tax					
Reclassification of gain on dedesignated hedged contracts	-	-	(572)	-	(572)
Unrealized loss on cash flow hedges	-	-	(4,524)	-	(4,524)
Reclassification of loss on cash flow hedges	-	-	5,065	-	5,065
Net investment hedges			2,078		2,078
Unrealized loss on available for sale assets	-	-	(6)	-	(6)
Unrealized effect of foreign currency translation of foreign operations	-	-	(45,327)	-	(45,327)
Net earnings for the period	-	-	-	10,653	10,653
As at January 31, 2010	$ 3,025,490	$ 4,344	$ 10,930	$ 436,394	$ 3,477,158
Share capital issued	1	-	-	-	1
Stock-based compensation	-	2,223	-	-	2,223
Other comprehensive income (loss), net of tax					
Reclassification of gain on dedesignated hedged contracts	-	-	(168)	-	(168)
Unrealized loss on cash flow hedges	-	-	(15,619)	-	(15,619)
Reclassification of loss on cash flow hedges	-	-	10,306	-	10,306
Net investment hedges	-	-	(1,913)	-	(1,913)
Unrealized gain on available for sale assets	-	-	9	-	9
Unrealized effect of foreign currency translation of foreign operations	-	-	103,647	-	103,647
Net earnings for the period	-	-	-	134,619	134,619
As at October 31, 2010	$ 3,025,491	$ 6,567	$ 107,192	$ 571,013	$ 3,710,263
Share capital issued	589	-	-	-	589
Stock-based compensation	-	730	-	-	730
Other comprehensive income (loss), net of tax					
Unrealized gain on cash flow hedges	-	-	2,538	-	2,538
Reclassification of loss on cash flow hedges	-	-	1,574	-	1,574
Net investment hedges	-	-	5,741	-	5,741
Unrealized loss on available for sale assets	-	-	(1)	-	(1)
Unrealized effect of foreign currency translation of foreign operations	-	-	(12,624)	-	(12,624)
Dividends	-	-	-	(18,580)	(18,580)
Net earnings for the period	-	-	-	99,623	99,623
As at January 31, 2011	$ 3,026,080	$ 7,297	$ 104,420	$ 652,056	$ 3,789,853

CONSOLIDATED STATEMENTS OF CASH FLOW
(in thousands)

FOR THE PERIOD ENDED	Three Months Ended January 31, 2011 (unaudited)	Three Months Ended January 31, 2010 (unaudited)
Cash From (Used In) Operating Activities		
Net earnings	$ 99,623	$ 10,653
Adjustments for items not involving cash and/or operations		
Amortization	49,264	38,825
Future income tax provision	32,748	5,721
Employee future benefits (Note 8)	1,776	1,662
Non-cash financing expenses (Note 9)	1,861	2,574
Loss (gain) on disposal of assets	(843)	366
Other items	831	346
Adjustments for items not involving cash and/or operations	85,637	49,494
	185,260	60,147
Changes in non-cash working capital items		
Accounts receivable	(258,453)	26,384
Inventories	(694,811)	(167,867)
Accounts payable and accrued liabilities	324,565	(23,802)
Prepaid expenses and deposits	(97,486)	(156,173)
Changes in non-cash working capital	(726,185)	(321,458)
Cash used in operating activities	(540,925)	(261,311)
Cash From (Used in) Financing Activities		
Proceeds from long-term debt	-	1,505
Repayment of long-term debt	(414)	(7,244)
Proceeds (repayment) of short-term borrowings	714,855	(118,475)
Repayment of other long-term liabilities, net	(72)	(271)
Increase in share capital	589	-
Cash from (used in) financing activities	714,958	(124,485)
Cash From (Used in) Investing Activities		
Property, plant and equipment expenditures	(38,757)	(25,549)
Proceeds on sale of property, plant and equipment	478	588
Decrease in investments	1,372	101
Intangible assets expenditures	(2,621)	(2,316)
Cash used in investing activities	(39,528)	(27,176)
Increase (Decrease) in Cash and Cash Equivalents	134,505	(412,972)
Cash and Cash Equivalents, Beginning of Period	154,793	1,033,075
Impact on cash of unrealized effect of foreign currency translation of foreign operations	(531)	(1,350)
Cash and Cash Equivalents, End of Period	$ 288,767	$ 618,753
Cash and cash equivalents consist of:		
Cash	$ 200,466	$ 98,560
Short-term investments	138,461	526,059
Bank indebtedness	(50,160)	(5,866)
	$ 288,767	$ 618,753
Supplemental disclosure of cash paid during the period from operations:		
Interest paid	$ 24,030	$ 47,799
Income taxes paid	$ 5,383	$ 5,118

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2011 (unaudited) - in thousands of Canadian dollars, except as noted

TABLE OF CONTENTS

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 operations across Canada, the United States ("U.S."), Australia and New Zealand, as well as marketing and trading offices in Japan, Singapore, China, Switzerland, Italy, Ukraine, Germany and India.

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 and merchandising offices in Europe and Asia. 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 and 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, wheat 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 U.S. 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. The volume of grain shipments is relatively stable through the quarters, but 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.

January 31, 2011 (unaudited) – in thousands of Canadian dollars, except as noted

2. ACCOUNTING POLICIES

These interim unaudited consolidated statements are based on accounting principles consistent with those used and described in the October 31, 2010 annual consolidated financial statements. The Company's accounting policies are in accordance with Canadian generally accepted accounting principles. 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, 2010. All amounts are reported in Canadian dollars unless specifically stated to the contrary.

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

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 Company's transition date was November 1, 2010 with a conversion date of November 1, 2011. The annual and quarterly financial reporting for the year ending October 31, 2012 will be the first reported under IFRS.

3. INVENTORIES

As at	January 31, 2011	January 31, 2010	October 31, 2010
Grain	$ 1,237,869	$ 548,441	$ 724,157
Agri-products	551,681	478,865	385,953
Processing			
Raw materials and supplies	44,304	42,229	40,393
Work in progress	14,225	23,337	14,366
Finished goods	57,188	27,042	47,018
	$ 1,905,267	$ 1,119,914	$ 1,211,887

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 $13.6 million for the three month period ended January 31, 2011 (January 31, 2010 - $10.6 million) related to the manufacture of inventory that has now been sold is included in amortization expense.

Write-downs related to Agri-products inventory at January 31, 2011 of $1.1 million (January 31, 2010 - $1.0 million) have been included in cost of sales.

4. ACCUMULATED OTHER COMPREHENSIVE INCOME

As at	January 31, 2011	January 31, 2010	October 31, 2010
Cash flow hedges (1)	$ (996)	$ 373	$ (5,108)
Net investment hedges (2)	5,906	2,078	165
Unrealized losses on available for sale assets(3)	(4)	(12)	(3)
Unrealized effect of foreign currency translation of foreign operations	99,514	8,491	112,138
	$ 104,420	$ 10,930	$ 107,192

[1]Net of tax of $(496) (January 2010 - $1,053, October 2010 - $1,612).
[2]Net of tax of $(2,191) (January 2010 - $(310), October 2010 - $(68)).
[3]Net of tax of $(8) (January 2010 - $(7), October 2010 – $(8)).

5. SHARE CAPITAL AND STOCK-BASED COMPENSATION PLANS

a) Common Voting Shares

Authorized

Unlimited Common Voting Shares

	Common Voting Shares	
	Number[1]	Amount
Balance, October 31, 2009	371,596,508	$ 3,025,486
Adjustment to share capital from contributed surplus for options exercised	375	4
Balance, January 31, 2010	371,596,883	$ 3,025,490
Share issuance for cash	50	1
Adjustment to share capital from contributed surplus for options exercised	-	-
Balance, October 31, 2010	371,596,933	$ 3,025,491
Share issuance for cash	48,211	437
Adjustment to share capital from contributed surplus for options exercised	-	152
Balance, January 31, 2011	371,645,144	$ 3,026,080

[1]Number of shares 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 Stock Option Plan is approximately 10.2 million common shares. Once the 2.6 million common shares that can potentially be issued under currently granted and contingently granted options are deducted, approximately 7.6 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 a weighted average expected option life of 4.7 years. The Company’s stock-based compensation expense for the three month period ended January 31, 2011 was $0.9 million (January 31, 2010 - $0.9 million).

	Number of Options[1]	Weighted Average Grant-Date Fair Value	Weighted Average Exercise Price	Number of Options Exercisable[1]	Weighted Average Exercise Price
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	(375)		$ 5.90		
Outstanding					
January 31, 2010	2,704,641		$ 10.76	364,928	$ 13.78
Options granted	-	$ -	$ -		
Forfeited	(57,127)		$ 9.59		
Expired	(11,930)		$ 68.19		
Exercised	(50)		$ 5.90		
Outstanding					
October 31, 2010	2,635,534		$ 10.53	1,639,314	$ 11.05
Options granted	-	$ -	$ -		
Forfeited	(25)		$ 31.00		
Expired	(175)		$ 29.54		
Exercised	(48,211)		$ 9.08		
Outstanding					
January 31, 2011	2,587,123		$ 10.56	1,590,903	$ 11.11

[1]Number of options not shown in thousands.

The following table summarizes the options outstanding and exercisable as at January 31, 2011:

Range of Exercise Price	Number of Options Outstanding[1]	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number of Options Exercisable[1]	Weighted Average Exercise Price
$ 5.90 - $ 9.50	896,710	4.73	$ 9.00	589,068	$ 8.99
$ 9.51 - $11.05	1,028,298	5.98	9.97	339,720	9.97
$11.06 - $21.56	634,412	4.96	12.12	634,412	12.12
$21.57 - $51.00	27,703	0.42	46.86	27,703	46.86
	2,587,123	5.24	$ 10.56	1,590,903	$ 11.11

[1]Number of options not shown in thousands.

6. EARNINGS PER SHARE

For the three months ended January 31		2011		2010
Net earnings	$	99,623	$	10,653
Denominator for basic earnings per share amounts:				
Weighted average number of shares outstanding[1]		371,599		371,597
Basic earnings per share	$	0.27	$	0.03
Denominator for diluted earnings per share amounts:				
Weighted average number of shares outstanding[1]		371,599		371,597
Dilutive effect of stock options[1]		86		139
Weighted average number of shares outstanding, assuming dilution[1]		371,685		371,736
Diluted earnings per share	$	0.27	$	0.03

[1]Number of shares and options in thousands.

7. 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.

For the three months ended January 31		2011		2010
Sales and other operating revenues				
Grain Handling and Marketing	$	1,942,634	$	1,343,208
Agri-products		292,571		215,363
Processing		373,910		307,977
		2,609,115		1,866,548
Less: Inter-segment sales		138,578		82,023
	$	2,470,537	$	1,784,525
Inter-segment sales				
Grain Handling and Marketing	$	130,484	$	81,903
Processing		8,094		120
	$	138,578	$	82,023
Gross profit and net revenues from services				
Grain Handling and Marketing	$	298,441	$	201,699
Agri-products		53,557		32,599
Processing		59,624		41,795
	$	411,622	$	276,093

January 31, 2011 (unaudited) – in thousands of Canadian dollars, except as noted

For the three months ended January 31		2011		2010
Operating, general and administrative expenses				
Grain Handling and Marketing	$	(100,679)	$	(92,020)
Agri-products		(44,261)		(44,533)
Processing		(19,268)		(18,609)
Corporate		(36,151)		(31,163)
	$	(200,359)	$	(186,325)
EBITDA[1]				
Grain Handling and Marketing	$	197,762	$	109,679
Agri-products		9,296		(11,934)
Processing		40,356		23,186
Corporate		(36,151)		(31,163)
	$	211,263	$	89,768

[1]EBITDA – Earnings before financing expenses, taxes, amortization, gain (loss) on disposal of assets and integration expenses.

Amortization				
Grain Handling and Marketing	$	(25,608)	$	(18,108)
Agri-products		(9,002)		(11,182)
Processing		(12,246)		(7,842)
Corporate		(2,408)		(1,693)
	$	(49,264)	$	(38,825)
EBIT[2]				
Grain Handling and Marketing	$	172,154	$	91,571
Agri-products		294		(23,116)
Processing		28,110		15,344
Corporate		(38,559)		(32,856)
	$	161,999	$	50,943

[2]EBIT – Earnings before financing expenses, taxes, gain (loss) on disposal of assets and integration expenses.

8. 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 three month period ended January 31, 2011 were $1.8 million (2010 - $1.7 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 three month period ended January 31, 2011 was $5.6 million (2010 - $4.0 million).

January 31, 2011 (unaudited) – in thousands of Canadian dollars, except as noted

9. FINANCING EXPENSES

For the three months ended January 31		2011		2010
Interest expense on:				
Long-term debt	$	16,347	$	27,717
Short-term debt		12,140		10,848
Interest income		(1,119)		(3,490)
Canadian Wheat Board ("CWB") carrying charge recovery		(298)		(418)
		27,070		34,657
Interest accretion		521		915
Amortization of deferred financing costs		1,340		1,659
	$	28,931	$	37,231

10. COMMITMENTS, CONTINGENCIES AND GUARANTEES

a) Letter of Credit and Bid Bonds

At January 31, 2011, the Company had outstanding letters of credit and similar instruments of $16.4 million related to operating an agri-business (October 31, 2010 - $15.9 million, January 31, 2010 - $17.8 million). The terms range in duration and expire at various dates through to August 31, 2015. The amounts vary depending on underlying business activity or the specific agreements in place with the third parties. At January 31, 2011, the Company had outstanding bid bonds and similar instruments of $4.1 million (October 31, 2010 - $5.7 million, January 31, 2010 – nil) related to trade facility agreements.

b) Indemnification of Accounts Receivable – Viterra Financial TM

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 January 31, 2011, outstanding credit was $417.1 million (October 31, 2010 - $520.0 million, January 31, 2010 - $393.2 million), and the Company's obligation of $7.3 million (October 31, 2010 - $9.1 million, January 31, 2010 – $6.5 million) 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 Processing 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 indemnifies 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 January 31, 2011, outstanding credit was $50.9 million (October 31, 2010 - $36.1 million, January 31, 2010 -

$46.7 million), and the Company's obligation of $0.5 million (October 31, 2010 - $0.6 million, January 31, 2010 - $0.5 million) for past and future losses is current with the bank in accordance with the Agency Agreement.

c) Guarantees

The Company's subsidiary in Australia has entered into a Deed of Cross Guarantee with certain controlled entities. The effect of this Deed is that the subsidiary and each of these controlled entities has guaranteed to pay any debts of any of the companies' party to the Deed in the event their debts cannot be paid as and when they fall due. The consolidated net assets of the entities party to the Deed of Cross Guarantee is $1.4 billion.

The Company is contingently liable under several guarantees given to third-party lenders who have provided certain financing facilities to its wholly owned foreign subsidiaries. As at January 31, 2011, the maximum amounts of the guarantees are $96.5 million CAD, $95.0 million USD, $83.2 million AUD and Japanese Yen ("JPY") 2.0 billion or approximately $299.1 million CAD in aggregate. As at January 31, 2011, liabilities recorded that have been guaranteed would include subsidiary trade facility borrowings of $5.1 million (October 31, 2010 – $10.6 million, January 31, 2010 - nil) included in short-term borrowings.

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 January 31, 2011, the current outstanding balance of these guarantees is $2.1 million (October 31, 2010 - $2.2 million, January 31, 2010 - $2.5 million). These guarantees diminish as the underlying loans are repaid and expire in 2014.

The Company's Australian operations self-insure in South Australia for workers' compensation liability and are subject to a bank guarantee for $1.8 million AUD (October 31, 2010 – $1.2 million AUD, January 31, 2010 - $1.3 million AUD).

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.

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 January 31, 2011, the Company estimated that the undiscounted cash flow required to settle the asset retirement obligations was approximately $39.9 million (October 31, 2010 - $38.6 million, January 31, 2010 - $27.4 million), which is expected to be settled over the 2011 through 2022 period. The credit adjusted risk-free rates at which the estimated cash flows have been discounted range from 4.0% to 8.0%.

The Company has a joint venture interest in a fertilizer manufacturer that has certain obligations with respect to plant decommissioning and land reclamation upon cessation of operations. The Company has not recorded an asset retirement obligation for these obligations at January 31, 2011 because it does not currently believe there is a reasonable basis for estimating a date or range of dates of cessation of operations.

e) 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.

f) 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.

g) Other Contingencies

As at January 31, 2011, 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.

11. 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.

January 31, 2011 (unaudited) – in thousands of Canadian dollars, except as noted

As at January 31	2011			2010	
	Fair Value	Level	Financial Instruments Category	Fair Value	Level
Financial assets:					
Cash	$ 200,466	1	HFT	$ 98,560	1
Short-term investments	138,461	1	HFT-D	526,059	1
Exchange-traded derivatives	33,422	1	HFT	19,702	1
Commodity forward contracts	203,535	2	HFT	110,146	2
Foreign exchange forward contracts (OTC)	55,373	2	HFT	44,838	2
Interest rate swaps	-		HFT	300	2
Available for sale at fair value	27	1	AFS	415	1
Natural gas swaps	97	2	HFT	-	
Financial liabilities:					
Bank indebtedness	50,160	1	HFT	5,866	1
Exchange-traded derivatives	63,525	1	HFT	12,879	1
Commodity forward contracts	164,388	2	HFT	70,757	2
Foreign exchange forward contracts (OTC)	13,661	2	HFT	21,911	2
Cross-currency swaps	8,228	2	HFT	-	
Interest rate swaps	-		HFT	7,905	2
Bond forward contracts	13,704	2	HFT	-	
Natural gas swaps	30	2	HFT	700	2

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

The aggregate carrying value of financial instruments classified as loans and receivables is $973.9 million (October 31, 2010 - $758.0 million, January 31, 2010 - $776.3 million). The aggregate carrying value of financial instruments classified as other financial liabilities is $1.7 billion (October 31, 2010 - $1.9 billion, January 31, 2010 - $2.4 billion).

b) Financial Risks and Risk Management

The Company faces certain financial risks such as commodity price, foreign exchange, interest rate, credit and liquidity risk that 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.

i. Commodity Price Risk

The Company's diverse range of services is spread across the agri-business 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 as well as over the counter ("OTC") contracts to minimize the effects of changes in the prices of hedgeable agricultural commodities on its agri-business inventories and agricultural commodities forward cash purchase and sales contracts. Derivative contracts are valued at the quoted market prices. The Company manages the risk associated with inventory and open contracts on a combined basis.

All market risk associated with commodity price movement is measured using a Value at Risk ("VaR") method. The VaR calculation quantifies potential changes in the value of commodity positions as a result of potential market price movements from all sources of market risk, whether as a consequence of asset ownership, customer sales, hedging or position taking.

There is currently no uniform industry methodology for estimating VaR. The VaR calculation estimates the potential loss in pre-taxation profit over a given holding period for a specified confidence level. The VaR methodology is a statistically defined, probability-based approach that takes into account market volatilities as well as risk diversification by recognizing offsetting positions and correlations between products and markets. The use of VaR has limitations because it is based on historical correlations and volatilities in commodity prices and assumes that future price movements will follow a statistical distribution. The five-day VaR number used by the group reflects the 95% probability that the gain or loss in a five-day period will not exceed the reported VaR based on the previous pricing period. Although losses are not expected to exceed the statistically estimated VaR on 95% of occasions, losses on the other 5% of occasions could be substantially greater than the estimated VaR. The VaR at the balance sheet date is not representative of the risk throughout the period as the period-end exposure does not reflect the exposure during the period. In practice, as markets move, the Company actively manages its risk and adjusts hedging strategies as appropriate.

The Company's Risk Management Policy provides limits within which management may maintain inventory and certain long or short commodity positions. The Company has established policies that limit the amount of agricultural commodity positions permissible, which are a combination of quantity and VaR limits. VaR levels are reported daily and compared with approved limits. Limits are regularly reviewed to ensure consistency with risk management objectives, market developments and business activities.

As at	**January 31, 2011**	**October 31, 2010**
Historical VaR (95%, five-day):		
Agricultural commodity price VaR	$22,465	$16,333

ii. Foreign Exchange Risk

The Company undertakes certain transactions denominated in foreign currencies and, as a result is exposed to foreign exchange risk. The Company is exposed to foreign exchange risk on 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, cross-currency swaps, 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.

The Company uses hedge accounting to match the cash flow of some of its processed products to be sold in foreign funds with its foreign dollar currency hedging instruments. Maturity dates for the foreign exchange forward contracts on anticipated transactions extend for approximately 24 months. As at January 31, 2011, the portion of the forward contracts considered to be ineffective is insignificant. The estimated amount reported in other comprehensive income that is expected to be reclassified to net earnings during the next 12 months is an after tax gain of $7.1 million.

A realized gain of $5.6 million after tax is included in net investment hedges accumulated other comprehensive income at January 31, 2011 in relation to a settled derivative and discontinued hedge accounting. The Company has an outstanding $200 million cross-currency swap arrangement in place in order to limit exposure to a change in the AUD on a portion of its net investment in its Australian operations. The derivative is used to mitigate the risk of economic loss arising from changes in the value of the AUD compared to the CAD. As at January 31, 2011, the portion of the cross-currency swap considered to be ineffective is nil. The estimated loss reported in other comprehensive income that is expected to be reported in net earnings relating to this net investment hedge during the next 12 months is approximately $0.6 million. The corresponding exchange gain arising from the translation of the financial statements of the net investment that is expected to be reported in net earnings during the next 12 months is approximately $4.1 million.

The Company has $400 million USD Senior Notes outstanding the principal of which had been designated a hedge in order to limit exposure to a change in the USD on a portion of the Company's net investment in its U.S. operations. As at January 31, 2011, the portion of the hedge considered to be ineffective is nil. The estimated amount reported in other comprehensive income that is expected to be reported in net earnings during the next 12 months is nil.

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 net earnings in the period in which they occur.

The following table details the Company's sensitivity on the net carrying value of financial instruments that are denominated in a foreign currency other than the functional currency in which they are measured as at the balance sheet date, had currencies moved as illustrated, with all other variables held constant.

January 31, 2011 (unaudited) – in thousands of Canadian dollars, except as noted

	Carrying Value	Impact On Earnings, After Tax	Impact On Other Comprehensive Income, After Tax
10% increase			
CAD/USD	$ 10,144	$ 20	$ 127
CAD/Euro	400	28	-
CAD/AUD	2,201	(173)	-
AUD/USD	(14,030)	360	(2,813)
AUD/Euro	5,874	(387)	(77)
AUD/JPY	(4)	(58)	(126)
AUD/NZD	(209)	13	-
AUD/Singapore dollars	621	(39)	-
10% decrease			
CAD/USD	10,144	(20)	(127)
CAD/Euro	400	(28)	-
CAD/AUD	2,201	207	-
AUD/USD	(14,030)	(466)	3,432
AUD/Euro	5,874	470	94
AUD/JPY	(4)	71	154
AUD/NZD	(209)	(16)	-
AUD/Singapore dollars	621	46	-

The above sensitivity analysis for foreign currency risk does not take translation risk into account. Translation exposures arise from financial and non-financial items held by foreign entities determined to be self-sustaining operations. Sensitivity on net investments in self-sustaining foreign operations is therefore not included in the analysis. The sensitivity at the balance sheet date is not representative of the sensitivity throughout the year as the balance sheet date exposure does not necessarily reflect the exposure during the year.

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.

Based on the January 31, 2011 borrowings, the Company is exposed to interest rate risk on short-term variable rate borrowings. A 25 basis point change in short-term variable rates based on the Company's current credit ratings and the current borrowings would impact after tax earnings by $1.4 million per annum.

During the prior year, the Company entered into derivative contracts in connection with its plans to issue additional debt. Bond forward contracts were entered into in order to protect against the risk of economic loss arising from changes in the interest rates. The impact of a 25 basis point change in interest rates on after tax other comprehensive income is approximately $3.1 million. As at the balance sheet date, there would be no impact on after tax earnings. The Company estimates that approximately $1.0 million after tax will be amortized to net income as financing expense in the next 12 months. See Note 13 for further information regarding the issuance of new debt.

January 31, 2011 (unaudited) – in thousands of Canadian dollars, except as noted

iv. Credit Risk

The Company is exposed to credit risk in respect of its trade receivables. Credit approval policies and procedures are in place to guide internal credit specialists in granting credit to new customers as well as in continuing to extend credit to existing customers. The Company manages this credit risk through monitoring of credit balances, ongoing credit reviews of all significant contracts and analysis of payment and loss history. Customers that fail to meet specified credit requirements may transact with the Company on a prepayment basis or provide another form of credit support, such as letters of credit, approved by the Company.

The absence of significant financial concentration of trade receivables, except as noted below for receivables from the CWB, limits the Company's exposure to credit risk. Credit risk exposure for the Agri-products and Processing segments are also partially limited through an arrangement with a Canadian Schedule I chartered bank which provides for limited recourse to the Company for credit losses on producer accounts receivable under Viterra Financial TM.

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 OTC 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 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 allowances for losses against accounts receivable are as follows:

For the three months ended January 31	2011	2010
Beginning balance	$ 9,907	$ 8,081
Provision for losses	792	1,901
Write-offs, net of recoveries	(1,327)	(438)
Ending balance	$ 9,372	$ 9,544

The Company has historically experienced minimal credit losses and, as a result, it considers the credit quality of the trade receivables at January 31, 2011 that are not past due to be high. The distribution of trade accounts receivable by credit quality as at the balance sheet is shown in the following table:

January 31, 2011 (unaudited) – in thousands of Canadian dollars, except as noted

As at	January 31, 2011	January 31, 2010	October 31, 2010
Not past due	$ 586,925	$ 372,266	$ 422,440
Past due:			
Past due ≤ 60 days	16,661	116,171	9,995
Past due ≥ 61 days and ≤ 90 days	5,167	5,402	2,626
Past due ≥ 91 days	36,058	31,455	36,888
Allowances for losses	(9,372)	(9,544)	(9,907)
	$ 635,439	$ 515,750	$ 462,042

Included in trade accounts receivable is $90.2 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 cash, 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 Schedule I (Canada) and A-rated (Australia) banks, and have maturities of less than three 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. Liquidity adequacy is continually monitored, taking into consideration estimated future cash flows including the amount and timing of cash generated from operations, working capital requirements, planned capital expenditure programs, debt servicing requirement, dividend policy and business acquisitions. 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 well as matching cash flows in designated hedge relationships as at the balance sheet date. 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.

January 31, 2011 (unaudited) – in thousands of Canadian dollars, except as noted

	Contractual Cash Flows	Within 1 Year	1 to 2 Years	2 to 3 Years	Thereafter
Financial Assets:					
Exchange-traded derivatives	$ 33,422	$ 33,170	$ 252	$ -	$ -
Commodity forward contracts	203,535	203,425	110	-	-
Foreign exchange forward contracts (OTC)	57,843	52,452	5,340	51	-
Natural gas swaps	97	97	-	-	-
Financial Liabilities:					
Bank indebtedness	$ (50,160)	$ (50,160)	$ -	$ -	$ -
Short-term borrowings	(776,928)	(776,928)	-	-	-
Exchange-traded derivatives	(63,525)	(60,497)	(3,028)	-	-
Commodity forward contracts	(169,877)	(169,866)	(11)	-	-
Foreign exchange forward contracts (OTC)	(16,531)	(14,382)	(2,131)	(18)	-
Cross-currency swaps	(8,674)	(8,674)	-	-	-
Bond forwards	(13,704)	(13,704)	-	-	-
Natural gas swaps	(30)	(30)	-	-	-
Other current liabilities	(1,224,376)	(1,224,376)	-	-	-
Long-term debt, including current portion	(1,351,128)	(67,013)	(67,013)	(67,013)	(1,150,089)
Classified as other long-term liabilities	(11,154)	(756)	(3,221)	(2,292)	(4,885)

12. MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to strive for a long-term manageable level of debt to total capital together with maintaining an acceptable ratio of EBITDA to cash interest. 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% and to maintain a rolling 12-month EBITDA that is at least five times the level of cash interest paid.

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 short-term borrowings, long-term debt due within one year and long-term debt.

As at	January 31, 2011	January 31, 2010	October 31, 2010
Short-term borrowings	$ 776,928	$ 165,067	$ 61,677
Long-term debt due within one year	$ 2,092	$ 18,064	$ 2,295
Long-term debt	889,269	1,249,762	896,834
Total long-term debt	$ 891,361	$ 1,267,826	$ 899,129
Total interest bearing debt	$ 1,668,289	$ 1,432,893	$ 960,806
Shareholders' equity	3,789,853	3,477,158	3,710,263
Total capital	$ 5,458,142	$ 4,910,051	$ 4,671,069
Debt to total capital:			
As at the balance sheet date	31:69	29:71	21:79
Four quarter average	25:75	30:70	25:75

EBITDA to cash interest is defined as earnings before financing expenses, taxes, amortization, gain (loss) on disposal of assets, integration expenses and net foreign exchange gain (loss) on acquisition divided by cash interest. Cash interest is net financing expenses excluding refinancing costs less non-cash financing expenses. The ratio is calculated on a rolling 12-month basis.

January 31, 2011 (unaudited) – in thousands of Canadian dollars, except as noted

For the rolling twelve months ended January 31		2011		2010
EBITDA	$	639,078	$	419,871
Cash interest, net		96,014		81,769
EBITDA to cash interest:		6.7		5.1

Management uses EBITDA to cash interest to assess interest coverage and the Company's ability to service its interest bearing debt.

The Company monitors its capital structure and makes adjustments according to market conditions and seasonal requirements in an effort to meet its objectives. The Company may manage its capital structure by issuing new shares, obtaining additional financing, issuing unsecured notes, refinancing existing debt, repaying current debt, or by paying dividends.

During the period, the Company was in compliance with external covenants relating to the management of capital.

13. SUBSEQUENT EVENT

On February 15, 2011, the Company closed the offering of $200 million of 6.406% senior unsecured notes due 2021. The offering was made pursuant to the Company's short form base shelf prospectus dated August 6, 2010 and a prospectus supplement filed on February 10, 2011. The notes, which will be guaranteed by certain of the Company's subsidiaries, will pay interest semi-annually on February 16th and August 16th of each year beginning August 16, 2011 and will mature on February 16, 2021. Proceeds from the offering will be used to partially repay amounts drawn by the Company on its Global Credit Facility.