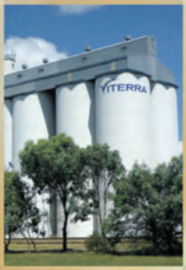


2011 Annual Report

Built for a World of Growing Opportunities




VITERRA™

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Why invest in Viterra?

- Resilient industry with strong global fundamentals
- World-class asset base in key growing regions
- Scale, financial strength and operational excellence
- Disciplined approach to growth and capital management
- Proven track record and experienced management team

Viterra Inc. ("Viterra") is one of the world's leading global agri-businesses and food ingredients companies. Operating three vertically integrated business segments of Agri-products, Grain Handling and Marketing, and Processing, the Company adds value and captures margin at numerous points along the food production value chain. With sourcing capabilities in multiple geographies and a marketing network spanning the globe, Viterra supplies food ingredients to more than 50 countries worldwide. As the global demand for food continues to rise, Viterra is poised to increase earnings and grow shareholder value. Through careful planning and execution of our strategy, our experienced management team has ensured that we are truly "built for a world of growing opportunities."

This Annual Report contains forward-looking statements within the meaning of certain securities laws. We caution readers not to place undue reliance on these statements as risk factors could cause actual results to differ materially from expectations expressed in these statements. Additional information about our forward-looking statements, risk factors and key assumptions made, can be found in the Management's Discussion and Analysis.

Letter to Shareholders

MAYO SCHMIDT
President and Chief Executive Officer

Fiscal 2011 was an exceptionally strong year for Viterra, one in which we demonstrated the value of our global reach, influence and expertise to deliver record financial results in a challenging economic environment and volatile markets. Set against the backdrop of a weak global economic recovery, European sovereign debt issues and continuing fiscal challenges in the United States, Viterra's 2011 performance is all the more impressive. Our success during the past 12 months can be attributed primarily to our strategic positioning, which has enabled us to take advantage of the strong fundamentals underlying the agricultural industry. Viterra's business strategy during the past several years has transformed the Company into a structurally sound, vertically integrated and well-capitalized business founded on global and operational diversity. It is this solid foundation, and in particular our international platform of strategic infrastructure assets and people, that ensures that we are indeed "built for a world of growing opportunities."

Operating from a Position of Strength

It is a known fact that throughout the global economic downturn, the agricultural industry has proven incredibly resilient. This resilience is due in large part to the non-discretionary nature of food consumption and to the strong fundamentals underpinning the industry. As the world's population continues to increase and living standards

GROWING OPPORTUNITIES
Viterra sees opportunity in the Black Sea region. Exports from Russia and Ukraine for wheat and coarse grains are expected to increase by 40% by 2020.

improve in developing and emerging countries, global demand for nutritious, high-quality food ingredients is rising. 2011 saw a significant milestone with the Earth's population surpassing the 7 billion mark. The United Nations predicts this number will rise to 9.1 billion by 2050. To put the scale of this growth in context, the world added more than 78 million people this past year alone. Given these current trend lines, there is no question that the world will have to increase food production in order to feed this growing population. Already, the global demand for grains and oilseeds has risen to an all-time high of more than 2.7 billion tonnes annually, and this number is expected to double within the next 40 years. Security of supply for critical grains and food ingredient products is already high on the agendas of most national governments and is expected to rise even further. We are positioning Viterra to play a major role in this critical supply chain – capturing more value at every step.

Another milestone reached in 2011 confirms a major global economic shift underway. For the first time ever, non-OECD (Organisation for Economic Co-operation and Development) countries produced more than 50% of the world's gross domestic product, and experts predict that over the next decade, the majority of the world's economic growth will take place within the developing world. Consumers in these developing and emerging geographies continue to demand high-quality supplies of food ingredients, and Viterra has made sure we are prepared and well positioned to meet this demand.

Viterra's strength continues to be our ability to move food ingredients from areas of surplus to areas of need. This is made possible by our dual origination capabilities and market leading assets in two of the world's most important export geographies (Canada and Australia), sourcing capabilities in other countries (such as the United States and Ukraine) and an international marketing network spanning the globe. We have the talented people, high-calibre infrastructure, market intelligence and logistical expertise in place to maximize returns by transporting food ingredients to the markets where they are needed most. We further enhanced this international trading and marketing network in 2011, opening new merchandising offices in North America, Europe and Asia, as well as a port terminal in Montreal, located on some of the shortest shipping routes between the North American agricultural heartland and major markets in Europe, Africa and South America.

We also derive great strength from our vertically integrated business model. Our three core business segments of Agri-products, Grain Handling and Marketing, and Processing work in concert to form a supply chain that stretches from the grower's field to destination customers around the globe. From the retailing of agricultural inputs to the collection and marketing of grain to destination markets, to our value-added processing businesses, Viterra adds value and captures margin at multiple points along the value chain. These touch points at each stage of production enable us to leverage our assets, capital, operational expertise and strategic relationships to produce a greater

GROWING WORLD

In 2011, the world added 78 million people. Growth at this pace means global demand for nutritious food ingredients will double by 2050.

GROWING CONNECTIONS

Last year Viterra expanded its global reach, opening new international offices and a port terminal in Montreal that provides access to major consuming markets.

return on investment for our shareholders. We have constructed an impressive position in the global sourcing market that connects each point of the value chain, and we enjoy a market presence and coverage with our customers that is enviable. This structure has allowed us to achieve leading performance in our sector.

Record Results

It is this strategic foundation that Viterra relied upon to deliver unprecedented results in fiscal 2011. Our total consolidated sales and other operating revenues were $12 billion, up 43% from 2010, and Adjusted EBITDA ("EBITDA") came in at a record $702 million, up 36% from last year. Our net income also rose 83% in 2011 to more than $265 million, while earnings per share ("EPS") increased to $0.71 up from $0.39 in 2010. Cash flow per share rose 38% to $1.34, and our balance sheet remains strong with a year-end debt-to-capital ratio of 23%. These impressive results did not go unnoticed by the market, as our share price outpaced the market and all of our comparators. The strength of our management team and skilled employees helped us achieve these record results. Given our solid track record of financial performance, a positive industry outlook and confidence in our business model and strategy, we are confident in our ability to generate future earnings and increased our annual dividend rate by 50% to $0.15 per share. Shareholders are being rewarded as Viterra continues to show good discipline that is delivering impressive financial results, share growth and an increasing dividend.

The past 12 months once again confirmed the wisdom of Viterra's 2009 acquisition of ABB. Our Australian operations have proved key, shielding the Company from weather-related risk and lending an annual average of 5.2 million tonnes of production. This year, the state of South Australia produced a crop that led to unprecedented grain receipts of 8.6 million tonnes, all-time high shipments of 8.0 million tonnes and an EBITDA contribution of $239 million, or 34% of our earnings base. We have now fully integrated this business, achieving our target of $30 million in synergies six months ahead of schedule. Viterra is committed to delivering on our promises, and we are extremely proud of our integration record, which displays our ability to consistently achieve our full synergy targets and drive the savings to our bottom line. Since 2007, Viterra has realized $160 million in annualized acquisition synergies and continues through corporate-wide initiatives to enhance the quality and efficiency of our global operations. Aside from the large transformational acquisitions, we have successfully acquired and integrated several smaller businesses into our existing operations, such as Dakota Growers Pasta Company and 21st Century Grain. These are two U.S. processing businesses acquired in 2010 that we have now almost fully integrated, achieving synergies of $5 million between the two.

Strategic Focus

Having established a rock-solid foundation based on a global network of integrated businesses that provide a strong and diversified earnings stream, risk mitigation and greater flexibility

Growing Shareholder Value

- Optimizing core business performance
- Capitalizing on the right opportunities
- Building on our integrated businesses
- Maintaining financial strength

in terms of synergistic growth opportunities, Viterra remains focused on increasing shareholder value by pursuing operational efficiency and disciplined growth. We will continue to optimize the performance of our existing asset base to improve our return on assets and drive earnings and cash flow per share performance. Maintaining a strong balance sheet and flexible access to low cost capital remains a priority, as evidenced by the lower cost of borrowing we achieved this past year.

We will continue to target the optimization of our core businesses through improved efficiencies and an increase of our cash flow return on assets. Overall, we are committed to increasing the returns from our existing businesses to a level that consistently exceeds our weighted average cost of capital by 2%. In years characterized by favourable conditions, we expect even higher returns from our assets that will help mitigate lower returns in more challenging years. Improved performance on existing assets will be achieved by seeking new and sustainable revenue opportunities within our current business, targeting costs through ongoing strategic reviews of our operations, implementing the next phase of our Business Excellence through Strategic Transformation ("BEST") program, and carefully directing capital expenditures to ensure we are investing in areas that will provide the biggest benefit for the Company. Project BEST, first introduced in 2010, is ahead of schedule having realized over $50 million in efficiencies, and we will continue to push for more savings in the year to come. One of the strategic business excellence initiatives we have recently implemented is a global operating model that aligns our reporting lines with our three operating units globally. This model provides competitive advantage as it enables us to operate these businesses as streamlined, agile and integrated global teams.

Investing in Our Future

As we continue to exercise financial discipline in all of our operations, it is vital that we maintain our unmatched high-quality infrastructure. To ensure the efficient movement of grains and oilseeds throughout our South Australian handling network, we made several key infrastructure investments in 2011, many of which were based on the recommendations received through the Post Harvest Review. This process was a progressive stakeholder consultation and engagement program that Viterra initiated and administered. The Post Harvest Review not only strengthened our network and grower relationships, but also advanced our thinking and strategy significantly, providing us with laser precision in terms of future investments.

On the Canadian Prairies, our recent expansion of grain handling capabilities and capacity at several terminals in areas of heavy production were undertaken in anticipation of the opening of the western Canadian market. With the elimination of the Canadian Wheat Board's monopoly, Viterra will have the opportunity to buy and sell western Canadian wheat, barley and durum for the first time in 2012. We were the first to offer bids to western Canadian wheat, durum and barley growers, and we anticipate that the industry, growers, customers and the economy will see significant benefits as further transportation and logistical efficiencies are

GROWING RELATIONSHIPS
Viterra's vertically integrated business model allows us to build strong relationships with growers, offering products, services and value at every step.

GROWING EFFICIENCIES
Viterra continues to optimize our core businesses and increase operational efficiencies through business excellence programs, like BEST.

realized in this positive new regulatory environment. The changes to the Canadian Wheat Board will also have a positive effect on Viterra, enabling us to achieve a projected increase in annual EBITDA of $40 million - $50 million per annum in 2014 and beyond.

During the past 12 months Viterra also capitalized on several other notable opportunities. We continued our growth into bulk export lentils and special crop handling through the acquisition of the assets of Premier Pulses International, a U.S. processor and merchandiser of peas and lentils, and commissioned a 680,000 tonne canola crush facility in South China, our first substantial investment asset on the ground in that country. Our Agri-products segment also added to its product offerings to western Canadian growers, entering the bulk fuel distribution market through the acquisition of bulk fuel assets from Imperial Oil. Fuel is an excellent strategic fit that allows us to further leverage our existing Agri-products asset base throughout the Canadian Prairies. We currently distribute fertilizer and chemical directly to farm, and fuel can easily be added as another product to this service. This business not only offers us another touch point on the crop production value chain, but also presents us with an opportunity to build deeper relationships with Canadian farm customers.

Positioned for Success

Looking forward, I can confidently say that Viterra is "built for a world of growing opportunities" and positioned for success. Key fundamentals indicate that our industry should continue to experience robust growth for decades to come, and as we enter new markets and take advantage of synergistic growth opportunities that further exploit our value chain, we will only get stronger. Whether the Company's growth comes from expanding our Processing segment in destination markets, or from taking advantage of new grain origination opportunities in key growth regions such as the Black Sea, or from adding to our current line of agri-products to provide us with stronger relationships with farm customers and more touch points on the value chain, Viterra will see the benefits – not only in the segment in which the growth takes place, but all the way up and down our value chain. Our Company's strategic platform virtually guarantees that as we grow, we will only grow stronger and more resilient to the inevitable challenges our changing world will bring. Through operational excellence and disciplined organic growth, Viterra is getting stronger every day.

Mayo Schmidt

MAYO SCHMIDT
President and Chief Executive Officer

GROWING STRONGER
With the right people, a global vision, an integrated business model and a world-class asset base, Viterra is growing stronger every day.

GROWING RESULTS
EPS 82%

Management's Discussion & Analysis

(all funds are in Canadian dollars, unless otherwise stated)

MD&A

1. RESPONSIBILITY FOR DISCLOSURE

This Management's Discussion and Analysis ("MD&A") is the responsibility of management and is as of January 18, 2012. The Board of Directors carries out its responsibility for review of the MD&A primarily through its Audit Committee, which is comprised of independent directors. The audit committee reviews and recommends its approval of the MD&A to the Board of Directors.

Throughout the MD&A, references to "Viterra" and "the Company" refer collectively to Viterra Inc. and its subsidiaries and joint ventures.

This MD&A includes key financial information of the Company for the 12 months ended October 31, 2011, compared to the 12 months ended October 31, 2010. Readers are directed to the Consolidated Financial Statements and related notes for further information. Except if otherwise stated, all financial information reflected herein is expressed in Canadian dollars ("CAD") and determined on the basis of Canadian generally accepted accounting principles ("GAAP").

Certain statements and other information included in this MD&A constitute forward-looking statements and reflect Viterra's expectations regarding future results of operations, financial condition and achievements. Readers are directed to consider the cautionary notes regarding forward-looking statements (see Section 20).

2. COMPANY OVERVIEW

Viterra is a vertically integrated global agri-business headquartered in Canada. The Company was founded in 1924 and has extensive operations across Western Canada and Australia, with facilities in the United States ("U.S."), New Zealand and China. The Company's business is managed and reported through three interrelated segments: Grain Handling and Marketing, Agri-products and Processing. In addition, a Corporate non-operating segment is reported.

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 grain commodities directly to customers in more than 50 countries around the world.

Viterra's shares trade on the Toronto Stock Exchange ("TSX") under the symbol "VT". Viterra's CHESS Depositary Interests ("CDIs"), issued in connection with the acquisition of ABB Grain Ltd. ("ABB") (see Section 11 of this MD&A), began trading on the Australian Securities Exchange ("ASX") under the symbol "VTA" on September 14, 2009.

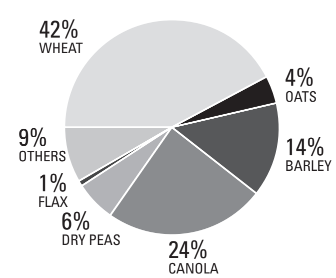
3. UNDERSTANDING THE BUSINESS

Viterra's business model is designed to optimize the Company's position in the agri-food value chain by connecting producers and their commodities with destination customers around the world. This model allows the Company to generate revenue at each stage of the value chain by providing crop inputs, handling grain, marketing grain and processing.

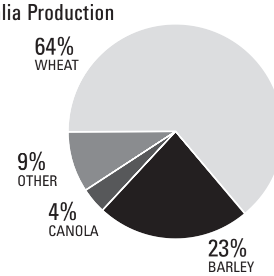
Viterra's relationship with producers is extremely important as they are both Viterra's customers and suppliers of products. The Company sells a wide variety of agri-products such as proprietary and public seed varieties, fertilizer, private label and third-party crop protection products, and small agricultural equipment. When grain is delivered to one of Viterra's grain handling facilities the Company cleans, dries, blends and stores grains, oilseeds and specialty crops before they are sold to the domestic or export market. Viterra markets grain directly to destination customers through its commodity merchandisers, international trading offices or through the Canadian Wheat Board ("CWB" or "Board"). The products are shipped either by truck or by rail to various markets domestically or through port positions to export destinations. Viterra's Processing operations provide another source of demand for the grains the Company handles.

Crop Year 2011 Production Breakdown

Western Canadian Production



South Australia Production



Source: Australian Bureau of Agricultural and Resource Economics, Statistics Canada

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3.1 Grain Handling and Marketing

Grain Handling and Marketing mainly handles wheat, durum, barley, canola and pulses. It derives its revenue from accumulating, storing, blending, transporting and marketing these grains from the producer's farm to end-use markets. This segment includes grain storage facilities and special crop processing plants strategically located in the prime agricultural growing regions of North America (primarily Western Canada) and southern Australia. It also has port export terminals located in Canada and South Australia and marketing offices located throughout North America, Australia, Europe and Asia.

Grain handling begins with the movement of the commodity from the producer's farm to Viterra's geographically dispersed and strategically located country elevator network, where the product is quality tested, weighed, graded and prepared for shipment. Grain is then shipped from the country elevator to domestic end-users (such as a flour mill, oilseed crusher, maltster, feed grain consumer or biofuel plant) or to a port terminal, usually for shipment to an offshore destination customer. Margins are earned from fees generated at the primary elevator, the port terminal and, where applicable, for rail incentives and merchandising.

In North America, Viterra's grain handling operations include 82 licensed primary grain elevator locations, eight special crop processing facilities in Western Canada and three special crop processing facilities in the northern U.S. In addition, the Company has seven port terminals located in Vancouver, British Columbia, Thunder Bay, Ontario, Montreal, Quebec and Prince Rupert, British Columbia. The Company has a long-term lease for the Port of Montreal facility and a 52.4% ownership interest in the terminal at Prince Rupert. Viterra has about 45% of the grain handling market share in Western Canada based on receipts (producers' deliveries into the system) and operates over 50% of Canada's port terminal grain handling capacity. This is important as approximately 75% of the grains the Company receives into its western Canadian system are exported offshore.

In southern Australia, Viterra has 109 primary grain elevators and is the sole owner and operator of eight bulk export terminals. Unlike the Canadian system, there is very little on-farm storage in southern Australia. Viterra has aggregate storage capacity of 10.4 million tonnes, which represents the vast majority of storage capacity in South Australia. Producers in this region use Viterra's storage and handling system and pay storage fees until such time as they choose to sell their grain into the market. Various marketers bid on producers' grain through the year. Viterra owns all bulk export terminals in South Australia, which is important as virtually all of the grains the Company receives into its system are exported offshore.

Viterra has extensive access to domestic and international markets, developed through its marketing relationships with destination customers. The Company markets its grains, oilseeds and special crops to more than 50 countries through its sales offices across Western Canada, South Australia and its International Grain group locations, with offices in Vancouver, Singapore, New Delhi, Naples, Geneva, Barcelona, Tokyo, Kiev, Hamburg, Shanghai, Beijing, and Ho Chi Minh City. The International Grain group is responsible for merchandising grains and oilseeds between origination and offshore destination customers and also sources commodities from locations where Viterra has no assets.

The key drivers in Viterra's Grain Handling and Marketing segment are volumes and export demand. Volume is a key driver of profitability due to the high fixed costs associated with the grain storage, handling and transportation infrastructure combined with the fee-for-service nature of the business. Fees (or tariffs) are typically adjusted annually and are fairly predictable once export targets and destination customer demands have been determined.

The volume of grain shipments each year correlates with crop production volumes in the previous growing season, adjusted for changes in on-farm inventories. Factors that may influence the timing and amount of shipments in a given year include producers' expectations of commodity prices in the near and longer terms, the timing and quality of the crop harvested, export demand, foreign exchange rates, rail transport capabilities, financial needs of producers, and direct sales by producers to domestic end-users.

Export volumes are also important to profitability, as increased activity at Viterra's port terminals and export-accredited inland terminals generates additional revenue from services such as cleaning, drying and blending. As a fee-for-service business, maximum margins are earned on those commodities that Viterra receives into its primary system, ships through a port terminal and manages directly to the destination. Worldwide supply and demand, and the quality and price of grains, oilseeds and other commodities, influence export levels and are factors that can impact volumes and profitability.

The following table illustrates the gross profit and net operating revenues ("gross profit") sensitivities for the North American grain handling and marketing operation:

	Change	Annual Gross Profit Impact (millions)
Production volumes	1%	$ 3 - 4
Market share	1%	$ 8 - 9
Gross margin (CAD/tonne)	$ 1	$ 15 - 16

The following table illustrates the gross profit sensitivities for the Australian grain handling and marketing operations:

	Change	Annual Gross Profit Impact (millions)*
Production volumes**	1%	$ 2 - 3
Gross margin (CAD/tonne)	$ 1	$ 5 - 6

*Assuming an Australian Dollar/CAD conversion rate of 1.00

**Assumes corresponding change in grain receipts and shipping

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3.2 Agri-products

Viterra is engaged in the sale of seed, crop protection products, fertilizer, and small agricultural equipment through a network of retail locations. The agri-products operation includes seed research and development, nitrogen fertilizer manufacturing, and crop protection product formulation and packaging. Subsequent to the end of fiscal 2011, the Company added bulk fuel distribution to its agri-products offerings in Western Canada.

Viterra operates 258 retail locations in Western Canada and, based on internal estimates, this represents about a 35% share of the market. Independent retailers are the Company's largest competitor group and collectively comprise approximately 30% of the market. In addition to the retail locations, the Company has an ownership interest in a nitrogen fertilizer manufacturing plant in Canada, which provides the Company with approximately one-third of its North American fertilizer sales volume requirements. The remaining volume is purchased from other fertilizer manufacturers. Approximately 66% of the Company's western Canadian fertilizer nutrient sales volumes are nitrogen-based, 21% are phosphate-based, and the remainder is split between sulphur, potash and other nutrients.

In South Australia and Victoria, Viterra operates 17 retail depot locations through which it sells seed, crop protection products and fertilizer. In South Australia, Victoria and New South Wales, the Company has six fertilizer warehouses, which represent approximately 5% of the retail and wholesale fertilizer business in these states. Viterra also operates a wool accumulation and sales business as part of its agri-products operations in Australia and New Zealand and is the largest wool exporter in the country, with China being the primary export destination. The wool business is an important link in developing relationships with producers in South Australia, Western Australia and Victoria.

Key profit drivers for Agri-products include seeded acreage, weather, crop mix, and fertilizer pricing and demand. Demand for crop inputs is correlated to grain pricing as strong grain commodity prices will motivate producers to maximize yield by investing in crop inputs.

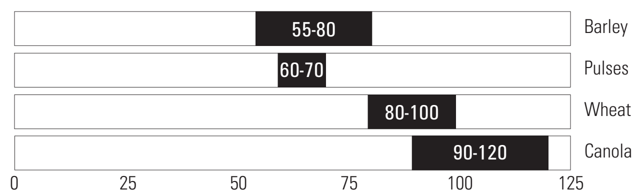
Seeded acreage in Western Canada has averaged about 60 million acres per year over the last decade, but can be impacted by weather. In both 2010 and 2011, significant moisture in Saskatchewan and Manitoba resulted in an estimated 10% to 15% reduction in overall seeded acreage. In South Australia, seeded acreage has averaged about 10 million acres per year over the last decade.

In addition to seeded acreage, weather can also influence the timing and quantity of sales. Producers regularly purchase crop inputs in the spring and fall periods. Extremely wet or dry conditions can alter the timing and type of input purchases, depending on the level of plant disease and insect infestations. Favourable weather patterns can enhance seed, fertilizer, and crop protection product sales as producers strive to optimize crop yields.

Crop mix may influence both the level of sales and margins. For example, canola requires more inputs than wheat and barley, resulting in greater seed, fertilizer and crop protection product sales. Major drivers of change in crop mix include commodity price outlooks, input costs, crop rotation requirements and weather conditions. Weather may delay spring seeding and influence the producer to shift to products with earlier germination and shorter maturation characteristics. Crop mix also affects margins as some seed varieties attract higher margins than others.

Average Crop Input Costs in Canada

range ($ per acre)



Source: Viterra Estimates

Fertilizer demand is primarily dependent upon adequate moisture and soil nutrient levels, weather and the producers' views on future commodity prices. Producers trying to capitalize on higher grain prices in the short term will try to increase grain production by using better seed genetics and more fertilizer to maximize plant yield potential. Thus, when grain prices move higher, demand for fertilizer usually follows.

The Company is exposed to the impact of natural gas prices in the production of nitrogen-based fertilizer which, at 60% to 75% of the total cost of production, is the largest cost component of urea (granular nitrogen fertilizer). The Company uses derivatives to limit its exposure to natural gas costs at its nitrogen production facility. Selling prices for urea are impacted by the NOLA (New Orleans, Louisiana) port pricing, foreign exchange between the CAD and the U.S. dollar ("USD"), imports, freight and many other variable factors.

The following table illustrates Management's estimate of gross profit sensitivity for a given change in the profitability drivers for the North American agri-products business, assuming that all other relevant factors remain constant:

	Change	Annual Gross Profit Impact (millions)
Retail sales revenue	1%	$ 2 - 4
Gross margin	1%	$ 14 - 18
Natural gas cost (CAD/gigajoule)	$ 1	$ 9 - 12

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3.3 Processing

Viterra's Processing segment extends the Company's value chain by producing food ingredients for consumer products companies and food processors around the world.

Viterra's food processing operations are comprised of:

- five oat and specialty grain milling facilities located in Canada and the U.S.,
- two pasta processing facilities in Carrington, North Dakota and New Hope, Minnesota,
- a canola processing facility in Ste. Agathe, Manitoba,
- a 49% ownership interest in a canola processing facility in southern China,
- a 42% ownership interest in Prairie Malt, located at Biggar, Saskatchewan, and
- six malt processing facilities in Australia, with an additional facility near Sydney under construction.

This segment also consists of feed manufacturing operations that provide feed and nutritional ingredients to the feed industries, primarily in Canada, the U.S. and New Zealand.

Oats and Specialty Grain Milling

Viterra is one of the world's largest industrial oat millers and operates approximately 39% of the total North American oat milling capacity and approximately 46% of the industrial ingredient supply market. It processes raw oats into food ingredients and has a total milling capacity of 540,000 tonnes of oats per year. The Company's customers are primarily North American food manufacturers who are consistent brand leaders in breakfast cereals, whole grain and healthy food choices.

The Company also has a wheat mill in the U.S. with total milling capacity of 100,000 tonnes per year. This facility primarily services bakery and tortilla producing customers in the Texas panhandle and American southwest.

Western Canada is the largest oat production area in the world for milling quality oats. Viterra estimates that at least 50% of the oats grown in Western Canada can be used for milling in an average year, of which the Company purchases approximately 25% annually for its oat operations.

Oat margins are impacted by yield, foreign exchange, oat pricing and product mix. A low-value hull encases raw oats and it takes more than one tonne of raw oats to produce one tonne of oat ingredients. Depending on the quality of raw oats in a particular year, this yield equation can vary. Deterioration in yield can add to the cost of production.

Oats, as an international commodity, are priced in USD. Prices for raw oats are driven mainly by the world feed grain market and can be volatile. Prices of finished goods move up and down on a contract-to-contract basis, with the price of oats and the milling margin typically negotiated as a separate component.

Pasta

Viterra's pasta operations are located in the U.S., where Processing operates a vertically integrated durum wheat milling and pasta production facility, as well as a second pasta production facility. The primary raw material input for pasta products is durum wheat, which is processed through its milling facility into semolina and wheat flours that are then used by Viterra to produce dry pasta products. The milling facility has a durum grind capacity of 340,000 tonnes per year. The two production plants have a combined capacity of 254,000 tonnes of pasta per year.

Viterra's pasta products are distributed on a broad basis throughout the U.S. to customers in all markets, including retail and institutional. In addition to our manufactured pasta, Processing also purchases additional dry pasta shapes from other manufacturers and resells them under private label contracts.

Margins for pasta products are dependent on several factors, the most significant of which is the spread between the price of durum wheat and the price of finished pasta products in the market. Margins are dependent on the Company's ability to pass changes in raw input costs onto consumers. Changes in raw material costs are typically passed on to consumers; however, there is usually a time lag between a change in raw materials pricing and a subsequent change in pasta product pricing.

Margins are also impacted by product and customer mix. Most markets for pasta and semolina/durum wheat flour are highly competitive. The intensity of competition varies from time to time as a result of a number of factors, including the degree of industry capacity utilization, comparative product distribution costs and the ability to provide consistent product quality in line with customer specifications.

Canola Processing

In Western Canada, Viterra operates a canola processing plant with an annual processing capacity of 340,000 tonnes. Canola oil and meal from this plant are produced using a double expeller-press process, which does not use solvents, as opposed to the North American standard whereby hexane (a solvent) is used to maximize oil yields.

The Company's joint venture canola processing facility in southern China began operating during the fourth quarter of fiscal 2011, providing oil and meal to end-use customers located in the region. This facility utilizes the hexane oil extraction method to process about 680,000 tonnes of canola annually. The majority of the canola seed requirements for this facility are sourced from Viterra's grain handling and marketing operation.

Profitability in canola processing is driven by volumes, due to high fixed costs, and by crush margins. Crush margins are a function of

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the cost of canola seed, processing yields and the selling price of the oil and meal produced.

Due to surplus canola processing capacity in Western Canada, Viterra's canola margins in the region are also correlated to the Company's ability to differentiate its unique canola oil products from the other commodity canola oil. In order to take advantage of its double expeller-press facility, the Company is in the ongoing process of selling its canola oil products into the higher margin specialty oil and natural oil markets.

Key drivers for crush margins for the joint venture facility in southern China include the regional market for canola oil and meal products, as well as the Company's ability to leverage procurement efficiencies from its global grain marketing operations.

Malt

In Australia, Viterra is the largest malt processor with six processing plants that account for 53% of Australia's malt production capacity. The Company's Australian malt operation has an annual production capacity of about 440,000 tonnes, of which 340,000 tonnes are destined for export markets and 100,000 tonnes are consumed domestically. Viterra supplies malt to major domestic and international brewers that supply key global markets predominantly in the Asia-Pacific region. Viterra's malt operations require approximately 530,000 tonnes of malt barley per year, representing 25% of the Australian malt barley crop. The Company is currently building a 110,000 tonne malt facility near Sydney, Australia, which is expected to be completed in the first half of fiscal 2012.

Viterra has an ownership interest in Prairie Malt, one of North America's largest single-site malting plants, with an annual capacity of 220,000 tonnes. This facility produces malt that is shipped to customers throughout Canada, the U.S., South Africa, Pacific Rim and Latin American countries. The Company has a supply agreement that requires this facility to purchase the majority of its barley requirements from Viterra, subject to quality, cost and availability.

Primary market drivers in the malt barley industry include the quantity and quality of the malt barley crop, global pricing and destination demand. Malt margins are also significantly impacted by key manufacturing inputs, including natural gas, labour and the processing yield achieved from malt barley. Reliable quality is a significant factor in maintaining sales relationships with international customers. Only high-quality malt barley is selected for the malting process, so crop quality can affect supply and increase production costs.

Feed

Feed includes the manufacture, sale and distribution of feed products and other related products for commercial and acreage-based livestock producers. Specialty feed formulations and feed product manufacturing is well diversified between dairy cattle, beef cattle, poultry, swine and other specialty livestock feed varieties.

In Canada, feed is manufactured at six feed mills and one pre-mix manufacturing facility. The Company owns an additional six feed mills and commodity blending sites in the U.S. that manufacture complete feeds, supplements, pre-mixes and commodity ingredients for ranchers and dairy farmers in those states and other south central U.S. markets.

In New Zealand, the Company operates three storage facilities in close proximity to the prime dairy regions and deepwater ports. It is involved in maize processing and also operates a feed manufacturing and distribution business with three feed mills representing production capacity of approximately 240,000 tonnes annually.

The key drivers for feed are volume and demand for higher valued ingredients versus lower margin commodities. Regionally, demand for livestock feed products can be influenced by a number of local factors such as dairy and poultry quotas, market share, the availability and cost of feed grains and other ingredients, the local farm ranching infrastructure and climatic events within our trading areas.

4. STRATEGIC DIRECTION

Viterra strives to be a leading global company in the origination, distribution and reliable supply of nutritional food grains, oilseeds and specialty ingredients to export markets and global food companies.

Viterra's geographic and operational diversification has been a key factor in the Company's strategy. Its integrated business segments allow the Company to generate margins throughout the entire commodity value chain and maximize value for shareholders.

Providing safe and healthy work environments is part of being a responsible employer and a good corporate citizen. Viterra recognizes that superior safety, health and environment performance is also integral to maintaining the Company's competitive advantage.

Viterra will pursue its vision through capitalizing on major consumer and growth trends and implementing the following key objectives:

- optimizing core businesses through improved efficiencies,
- growing shareholder value by maintaining and improving the quality of earnings, managing risk, and keeping a strong balance sheet,
- optimizing scale and influence in the grains the Company sources and transports to export markets,
- building sustainable competitive advantages, and
- seeking balance between business segments to mitigate risk through diversity.

Optimizing core businesses through improved efficiencies

Continuous improvement of the core businesses is a primary focus for Viterra. Throughout 2011, the Company has implemented several initiatives to improve the efficiency of the organization and maximize the profitability of the core operations. These have included implementing a revised global operating model for Viterra's

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three distinct yet interrelated business segments, continuous review of business performance within the segments and ongoing implementation of the Business Excellence through Strategic Transformation ("BEST") program designed to deliver margin enhancements and cost reduction strategies. The Company has prepared for the new regulatory environment in Western Canada following the elimination of the CWB's monopoly on the sale of wheat, barley and durum. This new environment should allow the Company to operate its global marketing network more effectively and increase market share in Western Canada.

Growing shareholder value by maintaining and improving the quality of earnings, managing risk and keeping a strong balance sheet

As the Company pursues its strategic vision, the foremost consideration is utilizing capital where it can add the most value for shareholders. When assessing potential opportunities, Viterra will pursue only those with acceptable risk-adjusted return profiles. The Company intends to invest in assets that will generate returns exceeding its weighted average cost of capital. Acquisitions are expected to increase Cash Flow Return on Assets ("CFROA" – see Non-GAAP measures in Section 18) and those that have higher risk profiles generate commensurately higher returns.

The Company has successfully increased its consolidated CFROA (as demonstrated in the table below), and through continued discipline and the implementation of its strategies strives to increase its CFROA to a level that on average exceeds the weighted average cost of capital by a margin of 2% and results in increasing earnings per share and operating cash flow per share over time (prior to working capital changes – see Non-GAAP measures in Section 18).

For the fiscal year ended October 31,	2011[1]	2010[1]	2009[2]
CFROA[3]	9.0%	8.7%	7.7%

[1] Includes results for Viterra Australia's operations for the entire period.

[2] Includes results for Viterra Australia's operations from September 24, 2009 to October 31, 2009.

[3] See Non-GAAP Measures in Section 18.

At all times, Viterra intends to maintain certain credit quality metrics that are consistent with a goal of investment grade credit ratings from North American credit rating agencies.

Metric	Target
Total Debt-to-Capital	30% - 40%
Total Debt-to-EBITDA*	<3X
EBITDA Interest Coverage*	>5X

* See Non-GAAP Measures in Section 18.

Optimizing scale and influence for grains it sources and transports to export markets

Since fiscal 2009, Viterra has implemented a transformational strategy, building out an asset footprint in key origination areas in connection with its expanding global network of marketing offices, which work together to efficiently source, transport and market the grains, oilseeds and special crops that Viterra handles. The Company now operates a global network that allows it to have increasing influence over its core commodities and will continue to pursue this strategy.

Viterra applies a disciplined approach to entering new and emerging markets where it sees long-term growth opportunities. By leading with a local office, the Company can build up a team and develop local market experience with minimal capital investment at risk. From this foundation, the Company is in a position to invest in assets in the region to provide access to emerging market growth while effectively managing risk. The market dynamics and trade flows associated with the region will determine the Company's further investment strategy.

For example, this strategy has been implemented in the Black Sea region, which the Company views as an area of significant growth opportunity. Building on the opening of a marketing office in Kiev, Ukraine in 2010, the Company continues to develop market presence while looking for opportunities to invest further in the region. The Black Sea region is a strong strategic fit with Viterra's existing footprint, as it is a key growing region for Viterra's core commodities, and it is expected to increase exports of wheat and coarse grains by nearly 40% over the next decade.

Building sustainable competitive advantages

One of Viterra's competitive advantages is its three interrelated business segments. Its agri-products customers are also suppliers to its grain operations, and its grain operations are suppliers to both its processing businesses as well as other destination customers. Operating in these segments provides logistics and arbitrage opportunities, stabilizes earnings and allows the Company to maximize the profitability from the value chain.

Viterra is committed to enhancing its market strength in its key product lines by building out existing parts of the value chain and expanding into adjacent activities. By effectively deploying capital in this way, the Company can further leverage its existing competencies in its core business activities and maintain its competitive advantages.

Seeking balance between business segments to mitigate risk through diversity

Viterra is committed to building out its business segments to minimize risk through diversification and reduce seasonality of earnings. The Company will continue to invest in Processing where Viterra has the advantage of sourcing inputs through its grain collection system and grain merchandising operations. For example, the oat processing business provides significant demand for oats originated through the

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Viterra network and generates attractive returns, which add to the Company's overall margin for the oat volumes it handles. A similar opportunity is represented by the pasta business, which provides demand for Canadian-sourced durum and creates opportunities for the Company at the consumer end of the value chain.

5. QUARTERLY FINANCIAL INFORMATION

There are seasonal trends in certain aspects of Viterra's businesses that are centred on the growing season and the harvest period.

The seasonality of the Company's North American business is most pronounced in the Company's agri-products operation because of the relationship of sales to the life cycle of the crop. Generally, more than 75% of the segment's annual sales are generated between mid-April and the end of June, when the crop is first planted and begins maturing (although 80% of seed orders are typically placed prior to January 1). Depending on weather and harvest conditions, the fall season, which typically runs from August to November, can represent about 15% of annual agri-products sales volumes in Western Canada, the majority of which are typically fertilizer sales.

For the grain handling and marketing operation, the new crop in North America is harvested from late August to the end of October. Grain deliveries, shipments and exports occur fairly steadily throughout each of the quarters. There can be some variation from quarter to quarter depending on demand from destination customers, weather conditions, rail interruptions, harvest pressures, commodity pricing and producer cash flow requirements. Shipments through the Company's port terminals in Thunder Bay end in late December, when the St. Lawrence Seaway is closed for the winter months, and typically resume near the end of April. The Company's four other Canadian port terminals remain open all year and, therefore, export shipments occur throughout the year from these terminals.

In Viterra's Australian operations, seasonality is most notable in the Company's grain handling and marketing operation as the majority of the grain flows into the system during the harvest period, which begins in October and continues through until the end of January. During this period, income is earned on all grain received into the Company's facilities. Shipping from the Company's port terminals in South Australia typically commences during harvest and continues throughout the year.

In the food processing operations, volumes typically remain consistent with few seasonal variations. Similarly, the feed products sales volumes are also fairly steady during the year, but tend to peak during the winter months as feed consumption increases.

SELECT QUARTERLY FINANCIAL INFORMATION

For the quarters ended

(in millions – except per share amounts)

	October 31, 2011 Q4	July 31, 2011 Q3	April 30, 2011 Q2	January 31, 2011 Q1	October 31, 2010 Q4	July 31, 2010 Q3	April 30, 2010 Q2	January 31, 2010 Q1
Sales and other operating revenues	**$ 3,064**	$ 3,554	$ 2,702	$ 2,471	$ 1,952	$ 2,493	$ 2,027	$ 1,785
Gross profit and net operating revenues	**327**	486	324	412	320	393	270	276
Operating general and administrative expenses	**216**	234	196	200	182	196	177	186
EBITDA[1]	**111**	252	128	211	138	197	93	90
Net earnings	**9**	123	33	100	53	64	18	11
Basic and diluted earnings per share	**$ 0.03**	$ 0.33	$ 0.09	$ 0.27	$ 0.14	$ 0.17	$ 0.05	$ 0.03

[1] See Non-GAAP Measures in Section 18.

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6. CONSOLIDATED QUARTERLY OPERATING RESULTS

SELECT CONSOLIDATED FINANCIAL INFORMATION

(in thousands – except per share amounts)

	Three Months Ended October 31, 2011	2010	Better (Worse)
Sales and other operating revenues	**$ 3,064,000**	$ 1,951,692	$ 1,112,308
Gross profit and net operating revenues	**$ 326,685**	$ 319,911	$ 6,774
Operating, general and administrative expenses	**216,107**	181,953	(34,154)
EBITDA[1]	**$ 110,578**	$ 137,958	$ (27,380)
Goodwill impairment	**7,681**	–	(7,681)
Amortization	**55,866**	54,767	(1,099)
EBIT[1]	**$ 47,031**	$ 83,191	$ (36,160)
Integration expenses	**2,133**	1,216	(917)
Loss (gain) on disposal of assets	**1,032**	(7,162)	(8,194)
Net foreign exchange (gain) on acquisition	**–**	(707)	(707)
Financing expenses	**29,047**	25,670	(3,377)
	$ 14,819	$ 64,174	$ (49,355)
Provision for (recovery of) corporate taxes			
Current	**$ 2,816**	$ 15,748	$ 12,932
Future	**2,541**	(4,245)	(6,786)
Net earnings	**$ 9,462**	$ 52,671	$ (43,209)
Earnings per share	**$ 0.03**	$ 0.14	$ (0.11)
Operating cash flow prior to working capital changes[1]	**$ 70,209**	$ 88,020	$ (17,811)
Per share	**$ 0.19**	$ 0.24	$ (0.05)
Free cash flow (loss)[1]	**$ (26,879)**	$ 50,554	$ (77,433)

1 See Non-GAAP Measures in Section 18.

In the final quarter of fiscal 2011, Viterra generated $3.1 billion in sales and other operating revenues (“sales” or “revenues”), an increase of $1.1 billion or 57% from the fourth quarter of fiscal 2010. The increase was primarily attributable to commodity-price driven increases in contributions from the Grain Handling and Marketing segment, as well as higher revenues from the agri-products operation due to a successful fall fertilizer application season in Western Canada.

Gross profit contributions for the fourth quarter totalled $327 million, a slight increase from $320 million a year earlier. Strong fertilizer sales volumes and pricing increased Agri-product’s gross profit contributions by $33 million for the quarter (see Section 6.2). This increase was partially offset by lower contributions from Grain Handling and Marketing (see Section 6.1) and Processing (see Section 6.3).

Operating, general and administrative (“OG&A”) expenses for the quarter totalled $216 million, compared to $182 million last year. The increase was primarily due to the Grain Handling and Marketing segment as a result of the new operations added in the year and the timing of expenses. The Agri-products segment had increased costs associated with the strong sales in the quarter and corporate expenses increased due to additional investments in information technology resources.

Consolidated EBITDA (see Non-GAAP Measures in Section 18) for the three months ended October 31, 2011 was $111 million, compared to $138 million last year. Record fourth quarter results from Agri-products were more than offset by lower contributions from the Grain Handling and Marketing and Processing segments.

During the quarter, the Company recorded a goodwill impairment of $8 million for the western Canadian feed operations. The impairment reflects the continued intense competition and overcapacity in the feed market.

Consolidated EBIT (see Non-GAAP Measures in Section 18) for the quarter was $47 million compared to $83 million in the last quarter of fiscal 2010.

The loss on disposal of assets totalled $1 million in the quarter, compared to a gain of $7 million in 2010 when Viterra sold one of its North American grain facilities.

FINANCING EXPENSES

(in thousands)

	Three Months Ended October 31, 2011	2010	Change
Interest on debt facilities	**$ 25,334**	$ 25,586	$ (252)
Interest accretion	**846**	527	319
Amortization of deferred financing costs	**1,206**	1,337	(131)
Financing costs	**$ 27,386**	$ 27,450	$ (64)
Interest income	**(130)**	(1,359)	1,229
CWB carrying charge recovery	**(741)**	(421)	(320)
Net financing costs for debt facilities	**$ 26,515**	$ 25,670	$ 845
Net investment hedge	**2,532**	–	2,532
Total financing and associated expenses	**$ 29,047**	$ 25,670	$ 3,377

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Total financing and associated expenses were $29 million in the fourth quarter of 2011, and slightly higher than the fourth quarter of fiscal 2010.

Viterra recorded a net corporate tax provision of $5 million, with an effective tax rate of 36.1% for the three months ended October 31, 2011, compared to a provision of $12 million with an effective tax rate of 17.9% for the same period last year. The effective tax rate in fourth quarter of 2011 has increased primarily due to startup losses in our European marketing offices and the goodwill impairment recorded in the period, for which no tax asset has been recognized. In the fourth quarter of 2010, a tax asset was recognized for domestic losses.

Consolidated net earnings for the final quarter of fiscal 2011 were $9 million ($0.03 per share), compared to $53 million last year ($0.14 per share).

Operating cash flow prior to working capital changes ("operating cash flow") (see Non-GAAP Measures in Section 18) was $70 million ($0.19 per share) for the three months ended October 31, 2011, compared to $88 million ($0.24 per share) in the same three months of fiscal 2010 (see Section 9.1.1).

Free cash flow (see Non-GAAP Measures in Section 18) was negative $27 million in the quarter, compared to $51 million in the corresponding period of fiscal 2010. The decrease in free cash flow was primarily due to a $60 million increase in capital expenditures during the period, primarily attributable to the ongoing construction of the malt facility near Sydney, Australia, grain infrastructure improvements and information technology initiatives (see Section 9.1.1).

6.1 Grain Handling and Marketing

GRAIN HANDLING AND MARKETING

(in thousands)

	Three Months Ended October 31, **2011**	2010	**Better (Worse)**
Sales and other operating revenues	**$ 2,279,256**	$ 1,421,025	$ 858,231
Gross profit and net operating revenues	**168,878**	186,916	(18,038)
Operating, general and administrative expenses	**99,834**	84,932	(14,902)
EBITDA[1]	**$ 69,044**	$ 101,984	$ (32,940)
North American industry statistics (tonnes)			
Western Canadian receipts – six major grains	**9,039**	7,945	1,094
Western Canadian shipments – six major grains	**8,991**	8,241	750
Canadian industry terminal receipts	**7,132**	6,427	705
Viterra – North American operations (tonnes)			
Elevator receipts	**4,279**	3,622	657
Elevator shipments	**4,054**	3,841	213
Port terminal receipts	**3,309**	2,623	686
Viterra – Australian operations (tonnes)			
Shipments	**1,712**	1,665	47
Receipts	**84**	20	64
Consolidated global pipeline (tonnes)			
North American shipments	**4,054**	3,841	213
Australian receipts	**84**	20	64
Total pipeline	**4,138**	3,861	277

1 See Non-GAAP Measures in Section 18.

Viterra's North American Volumes

In the fourth quarter of 2011, total western Canadian industry shipments for wheat, barley, canola, oats, dry peas and flax ("the six major grains") were 9.0 million tonnes, an increase from 8.2 million tonnes in the comparable period of 2010. Viterra's shipments for the fourth quarter were 4.1 million tonnes, an increase from 3.8 million tonnes in the same period of fiscal 2010. This increase in volume was driven by solid commodity values and favourable weather during harvest.

The split between wheat, including durum, and barley for human consumption and export ("CWB grains" or "board grains"), and open market grains for the quarter was 44/56 compared to 47/53 for the same three-month period in fiscal 2010.

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During the fourth quarter, port terminal receipts for the industry were 7.1 million tonnes, an increase from 6.4 million tonnes in the corresponding period a year earlier. Viterra's port terminal receipts were 3.3 million tonnes, compared to 2.6 million tonnes in the fourth quarter of 2010. The volume for the quarter included the Montreal port terminal facility receipts, which were originated from eastern Canadian producers as well as volumes transferred from the Company's Thunder Bay port terminal facilities.

Viterra's South Australia Volumes

In the fourth quarter of fiscal 2011, Viterra's Australian grain handling and marketing operations shipped 1.7 million tonnes of grains, which was consistent with the prior year even with the larger crop in 2011. Shipment volumes in fiscal 2011 were weighted toward the first nine months of the fiscal year, in contrast to fiscal 2010 when shipments were weighted to the last half of the fiscal year.

During the quarter, Viterra merchandised approximately 27% of the total shipments out of its south Australian system, similar to the corresponding period of fiscal 2010. Viterra originated and merchandised an additional 0.7 million tonnes from third-party facilities throughout the rest of Australia, on par with the fourth quarter of 2010.

Segment Operating Results

Gross profit contributions totalled $169 million in the fourth quarter compared to $187 million in the corresponding period of fiscal 2010. While volumes in the period remained solid due to strong underlying demand fundamentals, gross profit was lower due to reduced contributions from the International Grain group. During the fourth quarter, although underlying global demand fundamentals remained strong, results were negatively impacted as sovereign debt concerns in the European Union ("E.U.") and political instability in the Middle East created uncertainty and volatility in commodity markets. As this group's activities are driven by opportunities that arise in the market, results can fluctuate quarter to quarter depending on varying market dynamics and should be examined on an annualized basis.

OG&A expenses for the Grain Handling and Marketing segment were $100 million, compared to $85 million in the fourth quarter of 2010. The higher expenses were mainly attributable to timing of maintenance and incentive costs from the record volumes handled throughout the year in the Australian system as well as incremental costs associated with newly established international marketing offices and the addition of the Montreal port terminal facility.

Segment EBITDA for the quarter was $69 million compared to the $102 million generated in the same period last year. North America contributed $52 million in the quarter (2010 – $56 million), the Australian operation contributed $28 million (2010 – $33 million) while the International Grain group had an EBITDA loss of $11 million (2010 – $12 million contribution).

6.2 Agri-products

AGRI-PRODUCTS

(in thousands – except margins)

	Three Months Ended October 31, 2011	2010	Better (Worse)
Sales and other operating revenues	**$ 518,967**	$ 325,062	$ 193,905
Gross profit and net operating revenues	**105,811**	72,773	33,038
Operating, general and administrative expenses	**53,882**	42,757	(11,125)
EBITDA[1]	**$ 51,929**	$ 30,016	$ 21,913
Operating Highlights:			
Sales and other operating revenues breakdown:			
Fertilizer	**$ 258,467**	$ 163,495	$ 94,972
Crop protection	**47,543**	45,399	2,144
Seed	**4,357**	1,461	2,896
Wool	**129,868**	48,970	80,898
Equipment sales and other revenue	**72,175**	57,605	14,570
Financial products	**6,557**	8,132	(1,575)
Fertilizer volume (tonnes)	**411**	370	41
Fertilizer margin (per tonne)	**$ 159.78**	$ 110.02	$ 49.76

[1] See Non-GAAP Measures in Section 18.

Revenues for the Agri-products segment increased 60% to $519 million from $325 million in the corresponding period in fiscal 2010. Revenues from the North American operations increased $110 million for the quarter, primarily reflecting increased fertilizer sales volumes and pricing. Equipment sales and other revenue was also up due to sales of grain storage equipment. The Australian agri-products operations increased by $84 million in the period, as wool sales increased by $81 million from the fourth quarter of fiscal 2010.

North American fertilizer sales volumes increased to 382,000 tonnes from 341,000 tonnes in 2010. Increased fertilizer volumes in the quarter were the result of a strong fall NH_3 season in Western Canada, made possible by favourable weather conditions and driven by strong commodity prices that enticed producers to maximize nutrient inputs. In Australia, fertilizer sales volumes were 29,000 tonnes in the quarter, comparable to the corresponding period in fiscal 2010.

Gross profit for the Agri-products segment increased 45% for the fourth quarter to $106 million compared to $73 million a year earlier. The increase was primarily attributable to North American fertilizer contributions as higher sales volumes and increased margins per tonne resulted in higher gross profits. Fertilizer margins in the quarter were $159.78 per tonne, a significant increase from $110.02 per tonne in fiscal 2010. The most significant driver of increased margins in the period was higher selling prices on fertilizer products, particularly

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the portion which is manufactured, combined with low natural gas pricing. Higher equipment sales and other revenue contributed $3 million to the increase for the quarter, while wool's gross margin contribution for the quarter was comparable year-over-year. The North American agri-products business contributed $100 million (2010 – $68 million) to gross profit in the quarter while the Australian agri-products business contributed $6 million (2010 – $5 million).

In the fourth quarter, OG&A expenses totalled $54 million, an increase of $11 million from fiscal 2010. The North American operations experienced higher costs, primarily attributable to expenses associated with increased sales activity and increased asset retirement obligations ("ARO").

EBITDA for the Agri-products segment for the quarter was $52 million compared to $30 million in the final three months of fiscal 2010, mainly due to higher fertilizer contributions.

6.3 Processing

PROCESSING

(in thousands – except margins)

	Three Months Ended October 31, 2011	2010	Better (Worse)
Sales and other operating revenues	**$ 472,649**	$ 368,305	$ 104,344
Gross profit and net operating revenues	**51,996**	60,222	(8,226)
Operating, general and administrative expenses	**20,475**	23,802	3,327
EBITDA[1]	**$ 31,521**	$ 36,420	$ (4,899)
Operating highlights:			
Food sales volumes (tonnes)			
Malt	**153**	159	(6)
Pasta	**58**	57	1
Oats	**100**	94	6
Canola	**66**	49	17
Average margin per tonne – food processing	**$ 102.53**	$ 130.98	$ (28.45)
Feed sales volumes (tonnes)			
North America	**469**	424	45
New Zealand	**43**	45	(2)
Average margin per tonne – feed processing	**$ 26.06**	$ 28.15	$ (2.09)

[1] See Non-GAAP Measures in Section 18.

Sales in the Processing segment for the fourth quarter increased to $473 million from $368 million in the comparable period of 2010 due to higher selling prices and new canola crush volumes following the start-up of the plant in southern China. Higher raw material prices drove increased selling prices for end products.

Gross profit in the fourth quarter totalled $52 million compared to $60 million a year earlier. While contributions from the feed products operations remained on par with the prior year at $13 million, food processing contributed $39 million compared to $47 million in the same period last year. This was due to lower malt and pasta margins that reduced the fourth quarter gross margin for the food processing operation to $102.53 per tonne, compared to $130.98 per tonne in the corresponding period of fiscal 2010.

Malt operations contributed $13 million in gross profit during the quarter, compared to $21 million a year earlier. For the quarter, both volumes and margins decreased from the comparable period of 2010 as global malt markets continued to be challenged by overcapacity and tight competition.

Pasta operations generated gross profit of $10 million for the quarter compared to $19 million a year earlier. Sales volumes were 58,000 tonnes and on par with the corresponding period of fiscal 2010. However, margins decreased as price increases for finished products lagged increasing raw materials costs.

Oat processing operations contributed $11 million in gross profit for the quarter, an increase of 13% from fiscal 2010. Both margins and volumes increased from the same period last year, mainly due to a full period of contributions from the coated oat business purchased last year.

Canola operations contributed $4 million in gross profit compared to a loss of $3 million in the corresponding period of fiscal 2010. The St. Agathe facility in Western Canada achieved improved margins compared to a year earlier as the Company was able to secure more sales into the higher margin specialty oil market and meal sales into the U.S. market. However, due to ongoing overcapacity in this market, production from this facility remains below capacity. The Company's joint venture facility in southern China contributed volumes of 21,000 tonnes during the quarter.

The feed business in North America earned a gross profit of $9 million in the fourth quarter compared to $11 million a year ago. New Zealand feed generated gross profit of $4 million during the quarter, compared to $2 million in fiscal 2010.

Overall segment OG&A expenses for the quarter fell to $20 million, compared to $24 million in the prior year, due to a number of cost reduction initiatives.

EBITDA for the Processing segment in the quarter was $32 million, compared to $36 million in the fourth quarter of fiscal 2010. With lower malt and pasta margins food processing generated EBITDA of $27 million, compared to $37 million a year earlier. Feed generated EBITDA of $4 million, compared to a loss of $1 million in the fourth quarter of fiscal 2010.

6.4 Corporate

Corporate expenses were $42 million for the fourth quarter of 2011, compared to $31 million in the same period of fiscal 2010. The increase of $11 million in corporate costs was due primarily to an increase in information technology ("IT") expenses, which are a needed investment to achieve continuous improvements in operating efficiency and build competitive advantage. In addition, employee costs were higher as a result of the global restructuring that took place during the period.

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7. ANNUAL FINANCIAL INFORMATION

7.1 Summary of Consolidated Results

SELECT CONSOLIDATED FINANCIAL INFORMATION

(in thousands – except per share amounts)

	Twelve Months Ended October 31, 2011	Twelve Months Ended October 31, 2010	Better (Worse)	Three Months Ended October 31, 2011	Three Months Ended October 31, 2010	Better (Worse)
Sales and other operating revenues	**$ 11,790,458**	$ 8,256,280	$ 3,534,178	**$ 3,064,000**	$ 1,951,692	$ 1,112,308
Gross profit and net operating revenues	**$ 1,548,319**	$ 1,258,567	$ 289,752	**$ 326,685**	$ 319,911	$ 6,774
Operating, general and administrative expenses	**846,413**	740,984	(105,429)	**216,107**	181,953	(34,154)
EBITDA[1]	**$ 701,906**	$ 517,583	$ 184,323	**$ 110,578**	$ 137,958	$ (27,380)
Goodwill impairment	**7,681**	–	(7,681)	**7,681**	–	(7,681)
Amortization	**205,536**	192,676	(12,860)	**55,866**	54,767	(1,099)
EBIT[1]	**$ 488,689**	$ 324,907	$ 163,782	**$ 47,031**	$ 83,191	$ (36,160)
Integration expenses	**4,601**	5,449	848	**2,133**	1,216	(917)
Loss (gain) on disposal of assets	**289**	(7,778)	(8,067)	**1,032**	(7,162)	(8,194)
Net foreign exchange loss (gain) on acquisition	**–**	159	159	**–**	(707)	(707)
Financing expenses	**115,684**	138,107	22,423	**29,047**	25,670	(3,377)
	$ 368,115	$ 188,970	$ 179,145	**$ 14,819**	$ 64,174	$ (49,355)
Provision for (recovery of) corporate taxes						
Current	**85,262**	27,722	(57,540)	**2,816**	15,748	12,932
Future	**17,444**	15,976	(1,468)	**2,541**	(4,245)	(6,786)
Net earnings	**$ 265,409**	$ 145,272	$ 120,137	**$ 9,462**	$ 52,671	$ (43,209)
Earnings per share	**$ 0.71**	$ 0.39	$ 0.32	**$ 0.03**	$ 0.14	$ (0.11)

1 See Non-GAAP Measures in Section 18.

BREAKDOWN OF EBITDA BY SEGMENT[1]

(in thousands)

	Twelve Months Ended October 31, 2011	Twelve Months Ended October 31, 2010	Better (Worse)	Three Months Ended October 31, 2011	Three Months Ended October 31, 2010	Better (Worse)
Grain Handling and Marketing	**$ 493,125**	$ 386,105	$ 107,020	**$ 69,044**	$ 101,984	$ (32,940)
Agri-products	**244,099**	153,822	90,277	**51,929**	30,016	21,913
Processing	**124,405**	104,256	20,149	**31,521**	36,420	(4,899)
Corporate expenses	**159,723**	126,600	(33,123)	**41,916**	30,462	(11,454)
	$ 701,906	$ 517,583	$ 184,323	**$ 110,578**	$ 137,958	$ (27,380)

1 See Non-GAAP Measures in Section 18.

Consolidated sales and other operating revenues for the year were $11.8 billion, an increase of 43% from fiscal 2010. The increase in sales was attributable to higher revenues from all business segments, but particularly the Australian grain handling and marketing operations following a record crop and North American agri-products due to robust fertilizer sales.

Gross profit increased 23% to $1.5 billion compared to $1.3 billion in fiscal 2010 due to higher volumes and stronger margins in the Grain Handling and Marketing segment and the Agri-products segment. Improved commodity prices, increased nutrient requirements and favourable weather conditions throughout

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much of the Canadian Prairies supported robust fertilizer demand and pricing for the year, and more than offset the effects of unseeded acres in Western Canada.

OG&A expenses were $846 million for the 12 months ended October 31, 2011, compared to $741 million for the corresponding period last year. The increase primarily reflects the additional seasonal labour required by Viterra's Australian operations to handle the record crop, a full complement of costs for the International Grain group, which was not fully established by this time last year, new costs related to the pasta and oat businesses acquired last fiscal year, increased IT expenses to support new business initiatives and higher accruals for short-term incentives.

Viterra's EBITDA increased 36% to $702 million in fiscal 2011, compared to the $518 million in fiscal 2010. All business segments increased contributions relative to the previous year. EBITDA for the Agri-products segment increased 59% on strong fertilizer volumes and pricing, while the Grain Handling and Marketing segment's EBITDA increased 28% due to record grain receipts and shipments in Australia and strong results from North American grain. Processing segment EBITDA rose 19%, reflecting the new pasta and oat businesses acquired in the latter half of fiscal 2010. Viterra's Australian operations contributed $239 million to consolidated EBITDA, an increase of 36% from 2010. The results reflect the benefits of record grain volumes received and shipped during the year, as well as a number of initiatives that have resulted in operational improvements and sustainable cost reductions.

A complete description of each segment's operating performance begins in Section 7.2.

During the fourth quarter of the fiscal year, the Company recorded a goodwill impairment of $8 million for the western Canadian feed operations. This reflects the continued intense competition and overcapacity in the feed market.

Amortization for the year was $206 million, an increase of $13 million from the prior year, primarily due to the addition of the pasta and oat operations acquired in the latter half of fiscal 2010.

Integration expenses incurred during the year were $5 million, on par with fiscal 2010. Most of the expenses in fiscal 2011 were attributable to the integration of the pasta and oat processing businesses acquired in fiscal 2010.

The Company recorded no material gain on disposal of assets in fiscal 2011, compared to an $8 million gain on disposal of assets related primarily to the sale of one of its North American grain handling facilities in fiscal 2010.

FINANCING EXPENSES

(in thousands)

	Twelve Months Ended October 31, 2011	2010	Change
Interest on debt facilities	**$ 115,232**	$ 112,923	$ 2,309
Interest accretion	**2,931**	2,744	187
Amortization of deferred financing costs	**5,225**	6,882	(1,657)
Financing costs	**$ 123,388**	$ 122,549	$ 839
Interest income	**(3,086)**	(7,629)	4,543
CWB carrying charge recovery	**(2,161)**	(1,693)	(468)
Net financing costs for debt facilities	**$ 118,141**	$ 113,227	$ 4,914
Net investment hedge	**(2,457)**	–	(2,457)
One-time refinancing costs	**–**	24,880	(24,880)
Total financing and associated expenses	**$ 115,684**	$ 138,107	$ (22,423)

As noted in the above table, net financing costs associated with the Company's debt facilities were $118 million for the year, compared to $113 million a year earlier. This net increase is the result of higher average working capital levels, which resulted in higher short-term interest costs offset by lower interest paid on long-term debt facilities due to lower average interest rates.

Total financing and associated expenses for the fiscal year were $116 million, or $22 million lower than the prior year as fiscal 2010 included $25 million of one-time refinancing costs associated with debt restructuring.

Viterra recorded a net corporate tax provision of $103 million, with an effective tax rate of 27.9% for the fiscal year ended October 31, 2011, compared to a provision of $44 million with an effective tax rate of 23.1% for the same period last year. The effective tax rate for fiscal 2011 has increased primarily due to start-up losses in our European marketing offices and the goodwill impairment recorded for which no tax asset has been recognized, as well as increased earnings in higher tax rate jurisdictions. In fiscal 2010, a tax asset was recognized for domestic losses.

At October 31, 2011, the Company had consolidated non capital loss carry forwards of $65 million, compared to $132 million at October 31, 2010. No future tax benefit has been recognized for $47 million of these losses associated with certain international operations. The Company also has capital loss carry forwards of $15 million that can only be used to offset capital gains in future periods. No future tax benefit has been recognized for the capital losses.

Viterra's net earnings and earnings per share for the year were up 83% to $265 million ($0.71 per share) compared to $145 million ($0.39 per share) in fiscal 2010.

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7.2 Grain Handling and Marketing

GRAIN HANDLING AND MARKETING

(in thousands – except margins)

	Twelve Months Ended October 31, 2011	Twelve Months Ended October 31, 2010	Better (Worse)	Three Months Ended October 31, 2011	Three Months Ended October 31, 2010	Better (Worse)
Sales and other operating revenues	**$ 8,453,941**	$ 5,651,399	$ 2,802,542	**$ 2,279,256**	$ 1,421,025	$ 858,231
Gross profit and net operating revenues	**888,704**	724,127	164,577	**168,878**	186,916	(18,038)
Operating, general and administrative expenses	**395,579**	338,022	(57,557)	**99,834**	84,932	(14,902)
EBITDA[1]	**$ 493,125**	$ 386,105	$ 107,020	**$ 69,044**	$ 101,984	$ (32,940)
North American industry statistics (tonnes)						
Western Canadian receipts – six major grains	**33,459**	33,832	(373)	**9,039**	7,945	1,094
Western Canadian shipments – six major grains	**33,024**	33,856	(832)	**8,991**	8,241	750
Canadian industry terminal receipts	**24,904**	24,694	210	**7,132**	6,427	705
Viterra – North American operations (tonnes)						
Elevator receipts	**15,390**	15,278	112	**4,279**	3,622	657
Elevator shipments	**15,336**	15,834	(498)	**4,054**	3,841	213
Port terminal receipts	**10,792**	10,271	521	**3,309**	2,623	686
Viterra – Australian operations (tonnes)						
Shipments	**7,969**	5,214	2,755	**1,712**	1,665	47
Receipts	**8,613**	6,226	2,387	**84**	20	64
Consolidated global pipeline (tonnes)						
North American shipments	**15,336**	15,834	(498)	**4,054**	3,841	213
Australian receipts	**8,613**	6,226	2,387	**84**	20	64
Total pipeline	**23,949**	22,060	1,889	**4,138**	3,861	277
Consolidated pipeline margin (per tonne)	**$ 37.11**	$ 32.83	$ 4.28	**N/A**	N/A	N/A

[1] See Non-GAAP Measures in Section 18.

7.2.1 Industry Volumes

For the 12 months ended October 31, 2011, total industry shipments for the six major grains in Western Canada were down slightly to 33.0 million tonnes, compared to the 33.9 million tonnes shipped in the comparable period in 2010. Crop production in Western Canada from the harvest of 2010 was down approximately 15% compared to the fall of 2009 (production from each fall is generally handled in the following year). However, the lower crop size was offset by a significant draw down of on-farm stocks in fiscal 2011 as higher commodity prices throughout the period provided a strong incentive for growers to deliver stored grain into the system.

Total wheat export shipments out of Australia through fiscal 2011 were up 16% to 18.1 million tonnes from 15.6 million tonnes in the same period in 2010. Wheat exports from the state of South Australia increased to 5.5 million tonnes, from 3.3 million tonnes in fiscal 2010. The primary reason for increased exports was an increase in overall crop production of 20% and 35% for Australia and South Australia, respectively, from the previous year's harvest.

7.2.2 Viterra Volumes – North America

Viterra's primary elevator shipments of western Canadian grains totalled 15.3 million tonnes in fiscal 2011 compared to 15.8 million in fiscal 2010. A significant draw down of on-farm stocks during fiscal 2011 partially offset the effects of a smaller crop in the period. The split between CWB grains and open market grain shipments for Viterra was 45/55 in the 12 months ended October 31, 2011, compared to 49/51 in the corresponding period ended October 31, 2010.

Viterra's port terminal receipts were 10.8 million tonnes compared to 10.3 million tonnes in 2010. In fiscal 2011, nearly 80% of these volumes moved to West Coast port terminals to support continued strong demand from Asia-Pacific countries. The remaining volumes were moved through the Thunder Bay and Montreal port facilities. The Company began operating the Montreal port facility on July 4, 2011.

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VITERRA'S AUSTRALIAN VOLUME BREAKDOWN

(in thousands of tonnes)

	Twelve Months Ended October 31,		Better	Three Months Ended October 31,		Better
	2011	2010	(Worse)	**2011**	2010	(Worse)
Total shipments	**7,969**	5,214	2,755	**1,712**	1,665	47
Merchandised volumes						
South Australia	**2,452**	1,460	992	**459**	410	49
Rest of Australia	**3,163**	4,110	(947)	**701**	660	41
Total merchandised volumes	**5,615**	5,570	45	**1,160**	1,070	90

7.2.3 Viterra Volumes – South Australia

In fiscal 2011, Viterra received 8.6 million tonnes of grains in its South Australian system. Shipments increased by 53% to 8.0 million tonnes in fiscal 2011 due to strong receipts into the system and ample carry over stocks from fiscal 2010.

Viterra merchandised approximately 31% of the total shipments out of its south Australian system in fiscal 2011, an increase from 28% in the previous year. Viterra originated and merchandised an additional 3.2 million tonnes from third-party facilities in the rest of Australia, compared to 4.1 million tonnes a year earlier. The decrease was primarily due to lower crop production in Western Australia in the preceding harvest and decreased access to freight and shipping slots on the east coast. In total, about 5.6 million tonnes of grains and oilseeds were traded from throughout Australia, on par with fiscal 2010.

7.2.4 Segment Results

Gross profit for the Grain Handling and Marketing segment totalled $889 million for fiscal 2011, an increase of $165 million from the $724 million generated in fiscal 2010. A significant portion of this increase was attributable to the Australian operations as a record crop in the state of South Australia led to record receipt and shipment volumes. Fiscal 2011 results also benefited from incremental contributions from the International Grain group and stronger margins in both the North American and Australian operations.

The International Grain group had increased contributions to gross profit in fiscal 2011 as the Company utilized its global pipeline model and prudent risk management strategies to successfully manage through adverse geopolitical and macro events. Significant market volatility and unpredictable trends in commodity markets were experienced, particularly in the fourth quarter, which largely resulted from political events in the Middle East combined with sovereign debt concerns in major economies. In fiscal 2010, the International Grain group was not fully established and its contributions were included within the North American and Australian results for the first nine months of the year.

The consolidated global pipeline margin for fiscal 2011 increased 13% to $37.11 per tonne from $32.83 per tonne in fiscal 2010. North American margins benefited from increased merchandising and blending opportunities, additional pulse sales, and increased earnings throughout the terminal operations, which includes the Company's interest in the Prince Rupert port terminal. In Australia, margins increased due to high volumes, increased storage and handling fees, solid blending contributions, and the implementation of substantial cost reduction and efficiency measures. The continued expansion of the International Grain group in the period added incremental margin and value to the Company's global pipeline.

OG&A expenses for the Grain Handling and Marketing segment were $396 million compared to $338 million in fiscal 2010. The increase reflects the expansion of grain operations, including the costs associated with the expansion of the International Grain group and the new North American port and special crop facilities. In addition, despite lower costs on a per-tonne basis, the Australian operations incurred higher overall OG&A expenses associated with handling the record crop.

The Grain Handling and Marketing segment generated EBITDA of $493 million in the fiscal year, an increase of 28% or $107 million from fiscal 2010. The significant year-over-year increase was attributable to Viterra's Australian operations that increased by $86 million to $249 million for fiscal 2011, due to record volumes, higher margins and a more efficient cost structure. The North American operations were also strong and generated EBITDA of $215 million (2010 – $204 million) while the International Grain group contributed $30 million in fiscal 2011.

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7.3 Agri-products

AGRI-PRODUCTS

(in thousands – except margins)

	Twelve Months Ended October 31, 2011	2010	Better (Worse)	Three Months Ended October 31, 2011	2010	Better (Worse)
Sales and other operating revenues	**$ 2,380,025**	$ 1,796,537	$ 583,488	**$ 518,967**	$ 325,062	$ 193,905
Gross profit and net operating revenues	**455,115**	350,102	105,013	**105,811**	72,773	33,038
Operating, general and administrative expenses	**211,016**	196,280	(14,736)	**53,882**	42,757	(11,125)
EBITDA[1]	**$ 244,099**	$ 153,822	$ 90,277	**$ 51,929**	$ 30,016	$ 21,913
Operating highlights						
Sales and other operating revenues breakdown:						
Fertilizer	**$ 1,123,359**	$ 791,124	$ 332,235	**$ 258,467**	$ 163,495	$ 94,972
Crop protection	**388,229**	384,186	4,043	**47,543**	45,399	2,144
Seed	**237,421**	207,395	30,026	**4,357**	1,461	2,896
Wool	**469,689**	264,899	204,790	**129,868**	48,970	80,898
Equipment sales and other revenue	**140,538**	123,201	17,337	**72,175**	57,605	14,570
Financial products	**20,789**	25,732	(4,943)	**6,557**	8,132	(1,575)
Fertilizer volume (tonnes)	**1,939**	1,750	189	**411**	370	41
Fertilizer margin (per tonne)	**$ 133.53**	$ 97.36	$ 36.17	**$ 159.78**	$ 110.02	$ 49.76

1 See Non-GAAP Measures in Section 18.

Agri-products sales for fiscal 2011 were $2.4 billion, an increase of 32% from sales of $1.8 billion in the prior fiscal year. The increase in sales for the year was primarily attributable to strong fertilizer pricing and sales volumes in the North American operation as well as higher wool revenues in the Australian operation.

Fertilizer sales were $1.1 billion for the year, compared to $791 million for fiscal 2010. Fertilizer sales were bolstered by higher volumes and pricing throughout the growing season and during the fall application period in Western Canada.

CONSOLIDATED FERTILIZER VOLUMES BY QUARTER

(in thousands of tonnes)

For the Quarter Ended

Fiscal Year	31-Jan	30-Apr	31-Jul	31-Oct	Total
2011	373	279	876	411	1,939
2010	310	371	699	370	1,750

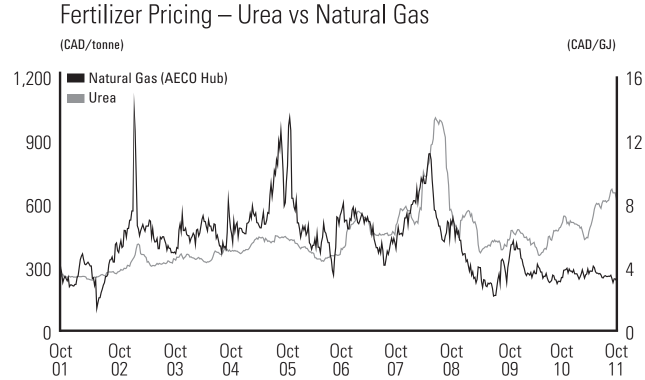
For the 12 months ended October 31, 2011, fertilizer sales volumes totalled 1.9 million tonnes, compared to 1.8 million tonnes from fiscal 2010. Robust demand for fertilizer in Western Canada was driven by strong commodity prices, nutrient requirements and favourable weather conditions in the fourth quarter. Australian fertilizer demand for the fiscal year was also strong with sales volumes of 135,000 tonnes (2010 – 118,000 tonnes).

Crop protection product sales were $388 million in fiscal 2011, on par with fiscal 2010. Higher seeded canola acres in Western Canada increased sales volumes for crop protection products and offset price devaluation in herbicide products. Statistics Canada estimates that about 18.5 million acres of canola were planted in Western Canada this year compared to 16.7 million a year earlier. This also increased seed sales for the year by about 14% to $237 million.

Revenues from the wool operations in Australia and New Zealand totalled $470 million for fiscal 2011, an increase from $265 million a year earlier. The increase resulted from an expansion of domestic market share as well as strong demand from key export markets such as India and China.

Gross profit for the segment increased 30% or $105 million to $455 million for the year. The majority of the increase was driven by strong fertilizer volumes and margins. Fertilizer margins were $133.53 per tonne in fiscal 2011, compared to $97.36 per tonne in fiscal 2010.

Fertilizer Pricing – Urea vs Natural Gas



Source: Viterra Company Reports, Bloomberg

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In addition to the incrementally higher pricing demonstrated in the chart above, the Company also earned higher margins from its manufactured nitrogen products due to low natural gas pricing in Western Canada throughout fiscal 2011.

Higher wool sales contributed $22 million to gross profit for the fiscal year versus $16 million in the previous year.

OG&A expenses for the fiscal year were $211 million, compared to $196 million a year earlier. The majority of the increase for the period is attributable to costs associated with greater sales activity, the Company's asset retirement obligation and restructuring costs.

EBITDA for the year was up 59% to $244 million, compared to $154 million in the prior year due to strong fertilizer contributions.

7.4 Processing

PROCESSING

(in thousands – except margins)

	Twelve Months Ended October 31, 2011	2010	Better (Worse)	Three Months Ended October 31, 2011	2010	Better (Worse)
Sales and other operating revenues	**$ 1,608,857**	$ 1,296,171	$ 312,686	**$ 472,649**	$ 368,305	$ 104,344
Gross profit and net operating revenues	**204,500**	184,338	20,162	**51,996**	60,222	(8,226)
Operating, general and administrative expenses	**80,095**	80,082	(13)	**20,475**	23,802	3,327
EBITDA[1]	**$ 124,405**	$ 104,256	$ 20,149	**$ 31,521**	$ 36,420	$ (4,899)
Operating highlights:						
Sales volumes (tonnes)						
Malt	**529**	562	(33)	**153**	159	(6)
Pasta	**222**	112	110	**58**	57	1
Oats	**384**	257	127	**100**	94	6
Canola	**184**	229	(45)	**66**	49	17
Feed – North America	**1,774**	1,918	(144)	**469**	424	45
Feed – New Zealand	**147**	145	2	**43**	45	(2)
Operating margin ($ per tonne sold)						
Malt	**$ 91.23**	$ 97.99	$ (6.76)			
Pasta	**270.53**	320.76	(50.23)			
Oats	**112.76**	96.19	16.57			
Canola	**14.23**	10.62	3.61			
Average margin – food processing	**$ 116.94**	$ 101.85	$ 15.09	**$ 102.53**	$ 130.98	$ (28.45)
Feed – North America	**$ 23.39**	$ 29.91	$ (6.52)			
Feed – New Zealand	**59.67**	60.88	(1.21)			
Average margin – feed processing	**$ 26.16**	$ 32.09	$ (5.93)	**$ 26.06**	$ 28.15	$ (2.09)

[1] See Non-GAAP Measures in Section 18.

Sales in the Processing segment for the fiscal year were $1.6 billion compared to $1.3 billion during the comparable period of fiscal 2010. The increase primarily reflects the new pasta and coated oat processing operations acquired in the latter half of fiscal 2010.

Gross profit for the segment totalled $205 million, an increase from the $184 million earned in fiscal 2010. This increase is due to having a full year of contributions from the new pasta and oat operations and having generated a higher combined food processing margin. The food processing margin averaged $116.94 per tonne compared to $101.85 per tonne last year, as stronger oat and canola margins more than offset lower malt and pasta margins.

Global malt operations contributed $48 million in gross profit for the year, compared to $55 million a year earlier. Contributions were lower as global malt markets continued to struggle with increased competition caused by overcapacity and sluggish demand in mature markets. As a result, total sales volumes were 529,000 tonnes compared to 562,000 tonnes in fiscal 2010, and margins averaged $91.23 per tonne versus $97.99 per tonne in fiscal 2010.

The pasta operations generated gross profit of $60 million during the year. In fiscal 2010, these operations contributed $36 million from the time the operations were acquired early in the third quarter. Sales volumes remained strong in fiscal 2011; however, margins were temporarily eroded as there was a time lag in passing the raw commodity price increases onto customers.

Oat processing earned $43 million in gross profit for the year compared to $25 million a year ago. The increase is mainly attributable

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to a full year of contributions from the coated oat processing operations, which were acquired in the fourth quarter of 2010 and increased sales to 384,000 tonnes in fiscal 2011 compared to 257,000 tonnes in fiscal 2010. Margin per tonne improved to $112.76 per tonne compared to $96.19 per tonne in fiscal 2010 as the new coated oat operations earns a higher margin on its products.

The canola operations recorded a gross profit of $2 million in fiscal 2011, on par with fiscal 2010. Increased specialty oil sales, combined with access to the U.S. meal market, improved margins for the western Canadian canola processing operations in the later half of fiscal 2011.

Viterra's feed business contributed $50 million to gross profit during the year, compared to $66 million in fiscal 2010. Margins were $23.39 per tonne compared to $29.91 per tonne in fiscal 2010, reflecting challenging market conditions in both Western Canada and New Zealand, which more than offset better margins in the U.S. operations. Excess capacity has caused intense competition in the western Canadian market, which has resulted in lower volumes and margins in western Canadian feed products. In the U.S., strong dairy and beef prices have increased purchases of higher margin complex feeds.

Processing segment OG&A expenses for fiscal 2011 totalled $80 million, on par with the previous fiscal year. Synergies and efficiency measures that lowered costs throughout these operations offset incremental costs added by a full period of OG&A expenses from the new pasta and oat operations.

EBITDA for the Processing segment for the year increased 19% to $124 million. Food processing contributed $114 million compared to $87 million generated in 2010 due to the addition of the new pasta and oat operations. These businesses contributed EBITDA of $58 million in fiscal 2011, compared to $32 million in fiscal 2010. The Australian malt operation contributed $32 million in the fiscal year, compared to $39 million in the previous year. Feed products generated EBITDA of $10 million in the fiscal year compared to $17 million in fiscal 2010.

7.5 Corporate

Corporate expenses were $160 million for fiscal 2011 compared to $127 million in fiscal 2010. IT expenses increased by $9 million as the Company continued to invest in transformational programs to support new business initiatives and the global operating model.

The remaining increase was due to higher short-term compensation incentive programs related to the Company's strong financial results and one-time expenses related to restructuring.

7.6 Select Three-Year Annual Financial Information

SELECT ANNUAL FINANCIAL INFORMATION

For the years ended

($ millions – except per share amounts)

	October 31, 2011[1]	October 31, 2010[1]	October 31, 2009[2]
Sales and other operating revenues	**$ 11,790**	$ 8,256	$ 6,632
Gross profit and net operating revenues	**1,548**	1,259	839
Operating, general and administrative expenses	**846**	741	515
EBITDA	**702**	518	324
EBIT	**489**	325	215
Net earnings	**265**	145	113
Basic and diluted earnings (loss) from continuing operations per share	**$ 0.71**	$ 0.39	$ 0.45
Total assets	**7,013**	6,117	6,423
Total long-term liabilities	**1,384**	1,150	1,508
Cash dividends declared per share	**$ 0.10**	$ –	$ –

1 Includes results for Viterra Australia's operations for the entire period

2 Includes results for Viterra Australia's operations from September 24, 2009 to October 31, 2009

Sales, gross profit, EBITDA and EBIT are significantly higher for fiscal 2011 compared to previous years due to strong commodity prices throughout the period, robust fertilizer contributions and record receipts and shipments in the Australian operations.

Fiscal 2010 financial results are generally higher relative to the previous year, primarily due to a full year of contributions from the Australian operations acquired in the fourth quarter of fiscal 2009.

For a more complete discussion on the results of the 2010 fiscal year relative to 2009 please see the Company's MD&A in its 2010 Annual Financial Review.

CORPORATE EXPENSES

(in thousands)

	Twelve Months Ended October 31, 2011	Twelve Months Ended October 31, 2010	Better (Worse)	Three Months Ended October 31, 2011	Three Months Ended October 31, 2010	Better (Worse)
Operating, general and administrative expenses excluding information technology costs	**$ 101,114**	$ 76,632	$ (24,482)	**$ 26,707**	$ 19,138	$ (7,569)
Information technology expenses	**58,609**	49,968	(8,641)	**15,209**	11,324	(3,885)
Total operating, general and administrative expenses	**$ 159,723**	$ 126,600	$ (33,123)	**$ 41,916**	$ 30,462	$ (11,454)

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8. OUTLOOK

8.1 Grain Handling and Marketing

Global Fundamentals

Strong fundamentals are expected to hold for global agri-commodity markets. In 2012, stocks to use ratios for wheat and coarse grains are expected to remain tight compared to historical averages, with the United States Department of Agriculture ("USDA") projecting stocks to use days of about 74 days at the end of the crop year.

Global trade in wheat and coarse grains is projected to increase by over 30% over the next decade. This rise in global trade will be fuelled mainly by emerging market demand and supplied largely by origination from the Black Sea region. Russia and Ukraine are expected to increase their exports of wheat and coarse grains by nearly 40% over the next decade.

These strong fundamentals in the global trade of grain commodities combined with Viterra's origination capabilities add stability to the Company's grain handling and marketing operations. These should continue to ensure that Viterra's underlying grain handling and marketing pipeline is relatively insulated from the effects of macro-economic difficulties caused by sovereign debt concerns in the Eurozone and ongoing tepid growth prospects in the U.S. economy.

Global Grain Handling and Marketing Pipeline

The Company currently estimates that its global pipeline margin for fiscal 2012 will be in the range of $38 to $41 per tonne, an increase from the $37.11 per tonne generated in fiscal 2011. The increase primarily reflects increased grain marketing activity, increased blending and special crop handling in the North American operations and increased handling fees in its Australian operations.

The western Canadian harvest was essentially complete by the end of October 2011. Favourable conditions throughout much of Western Canada during the growing season led to significant gains in quality and yields, and offset the effects of unseeded acreage in the region. Statistics Canada estimates that production of the six major grains from the 2011 harvest was 49.3 million tonnes, with an additional 3.8 million tonnes of lentils and other crops expected. This represents an increase of 10% from the 45.0 million tonnes of the six major grains produced a year earlier and is on par with the five-year average of 50.0 million tonnes.

Given this production level, the Company believes that Canadian Grain Commission ("CGC") receipts for the six major grains in Western Canada for fiscal 2012 will be in the 31.0 to 33.0 million tonne range, on par with the historical average of 32.0 million tonnes.

The CWB has set its export target for wheat and barley out of Canada at 18.0 million tonnes for the crop year ended July 31, 2012 compared to 15.8 million in 2011. The Company concurs with this estimate given recent western Canadian production estimates.

Viterra's southern Australian grain handling and marketing operations should have ample volumes available in fiscal 2012. Australian Bureau of Agricultural and Resource Economics and Sciences ("ABARES") currently estimates that production from South Australia's current harvest will total an estimated 7.9 million tonnes, a reduction from last year's record production, but well above the historical average of about 6.2 million tonnes. With the current harvest virtually complete, Viterra estimates receipts for this business, which primarily occur in the first quarter of the fiscal year, to be about 6.5 to 6.8 million tonnes. Additionally, there were about 1.8 million tonnes of carry over stocks in Viterra's system at the end of fiscal 2011.

The timing of shipments out of Viterra's Australian system is dependent on several factors, including world commodity markets and producers' willingness to sell. Based on current fundamentals, including a favourable commodity pricing environment, it is the Company's view that shipments out of its system in Australia will be very strong throughout fiscal 2012.

Regulatory Environment

On December 15, 2011, the *Marketing Freedom for Grain Farmers Act* became law in Canada after receiving Royal Assent. Despite a legal challenge from opponents of the legislation, Viterra remains confident that as of August 1, 2012, growers in Western Canada will market their wheat, barley and durum to buyers of their choice. Viterra has already commenced purchasing grain for delivery after that date. With greater marketing choice, there will be new contracting opportunities and additional risk management tools, which are beneficial for growers and the broader sector.

In this new regulatory environment, Viterra expects to increase its earnings by attracting additional volumes and optimizing its operational efficiencies. Viterra expects to begin realizing modest benefits in the fourth quarter of 2012, with more significant impacts in 2013. In fiscal 2014 and beyond, the Company anticipates its EBITDA to increase by $40 million to $50 million per annum. This guidance is based on the assumption of an increase in the consolidated global pipeline margin of $2.00 to $2.50 per tonne, which includes a 1.0% to 2.5% market share increase. Viterra is well prepared for this new environment with assets, people and a global marketing network in place and therefore does not expect to incur any additional growth capital expenditures to achieve this earnings benefit. Additional grain purchases will require $150 million to $200 million of incremental working capital, which will be provided by operating cash flows and existing credit facilities.

In late fiscal 2011, the Company attained a further three-year accreditation from Wheat Exports Australia ("WEA"). This accreditation was conditional on having the Company's port access undertaking approved by the Australian Competition and Consumer Commission ("ACCC"). As part of this accreditation an auction system for shipping capacity will be implemented in Viterra's Australian ports in mid-fiscal 2012 and will promote a market-based allocation of shipping capacity. The implementation and operation of this auction system for shipping capacity will be cost neutral for

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the Company. In addition, Viterra conducted its own internal post-harvest review following the record 2010 crop and implemented a number of operational improvements that have been well received by stakeholders in the region. This is also key information for the parliamentary reviews that continue to investigate the grain handling industry and operational issues arising in the export grain market.

8.2 Agri-products

Industry Fundamentals

Fundamentals for the Agri-products segment are expected to remain strong into fiscal 2012. Historically high grain prices should continue to drive solid returns for producers and demand for crop inputs. In addition, demand for crop inputs is expected to benefit from increased seeded acreage in Western Canada and additional canola acres.

Demand and pricing for fertilizer products are expected to be solid throughout fiscal 2012 due to historically high grain commodity prices and increased nutrient requirements from excess moisture in the last two years. Recent fertilizer price softening in global commodity markets due to continued global economic uncertainty should further increase demand as current commodity prices still support historical usage rates. To complement the positive demand fundamentals, western Canadian natural gas costs are expected to remain relatively low throughout fiscal 2012, which positively impacts the Company's fertilizer manufacturing margins. For fiscal 2012, Viterra currently estimates that its fertilizer margin per tonne will be in the range of $100 to $120 per tonne. This estimate assumes typical spring and fall fertilizer sales volumes, stability of natural gas prices and continued strong grain prices.

In Western Canada the majority of the 6.0 to 8.0 million acres that were affected by excess moisture in the spring of 2011 are expected to return to production in the upcoming season. Barring further widespread adverse weather events, Viterra is forecasting that western Canadian seeded acreage will total approximately 57.0 to 59.0 million acres in 2012, an increase of about 8% to 10% from last season.

In addition, sales of crop inputs will benefit from significant canola acreage next season. Canola acreage is expected to increase to about 18.5 to 19.5 million acres in 2012, potentially exceeding the previous record of 18.5 million acres set in 2011.

Early indicators support these expectations as farmers continue to secure product for the spring planting season. Seed bookings and customer prepayments for crop inputs for the spring season have been progressing well, with $299 million of prepayments as of December 31, 2011, compared to $313 million at the same point in 2010.

8.3 Processing

Solid contributions from the global processing operations are expected in fiscal 2012 as procurement advantages from the Company's global commodities pipeline and other efficiency initiatives are expected to mitigate the short-term challenges presented by macro conditions in some of this segment's operating environments.

Viterra believes strong demand for healthy and economical pasta and oat products will continue, supported by uncertainty in the U.S. economy. The Company expects contributions from the oat and pasta operations will remain consistent with historical levels in fiscal 2012 as margins will be preserved by effective procurement strategies, improved product mix and operational efficiency initiatives.

Despite ongoing overcapacity and margin pressure in the western Canadian market, contributions from the canola processing operations are expected to improve in fiscal 2012. The Company will continue to pursue niche marketing of its specialty oil products from its facility in Western Canada to the natural food market. In addition, the Company's 680,000 tonne joint venture canola processing facility in southern China is expected to reach full production capacity in the middle of fiscal 2012. The facility was commissioned in the latter part of fiscal 2011.

Global malt markets are expected to remain challenged through much of fiscal 2012 due to sluggish beer sales in mature economies. This has created a situation where Northern Hemisphere malt has been redirected for sale into markets not traditionally targeted, such as Southeast Asia. For Viterra's malt operations in Australia, the Company believes that margins will remain consistent with fiscal 2011 in fiscal 2012. The Company has taken steps to streamline the Australian malt operations by closing some of the less efficient capacity in its network ahead of the start-up of the highly efficient new malt plant near Sydney, Australia in the first half of fiscal 2012. The facility will have annual production capacity of 110,000 tonnes. It is expected that further rationalization of less efficient global capacity will continue into fiscal 2012 and 2013.

The Company is currently estimating a combined food processing margin for fiscal 2012 of $90 to $110 per tonne, down from the $117 per tonne reported in fiscal 2011, due to lower global malt margins and a change in product mix.

Challenges in the feed products operations are expected to continue due to excess capacity causing intense competition and margin pressure. The Company continues to take steps to mitigate the effects of these issues.

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9. LIQUIDITY AND CAPITAL RESOURCES

9.1 Cash Flow Information

9.1.1 Operating Activities

For the fiscal year ended October 31, 2011, Viterra generated operating cash flow prior to working capital changes (“operating cash flow”) (see Non-GAAP Measures in Section 18) of $497 million, an increase of $136 million over the comparable period last year. On a per share basis, the Company generated operating cash flow of $1.34 per share compared to $0.97 per share in the corresponding period last year. The improved cash flow from operations primarily reflects higher EBITDA and lower cash interest costs offset by a higher current income tax expense.

In 2011, the $136 million increase in operating cash flow funded a $111 million increase in capital investments for sustaining and growth projects (see Section 9.1.2 Investing Activities). For the 12 months ended October 31, 2011, free cash flow increased by $25 million from the previous year to $265 million.

9.1.2 Investing Activities

Viterra’s total capital expenditures (excluding business acquisitions) were $232 million, with growth expenditures representing approximately $100 million. Growth spending was concentrated on the construction of the new Australian malt facility, enhancements to the Australian and North American grain handling systems, and the completion of the canola processing facility in China.

Capital spending for fiscal 2012 is expected to total $260 million to $280 million, including currently approved growth projects and costs related to transformational IT initiatives. Capital expenditures are expected to be funded by cash flow from operations.

Fiscal 2011 saw a significant decrease in business acquisition activity compared to 2010. In June 2011, Viterra acquired Premier Pulses International Inc. in Minot, North Dakota for a purchase price of $8 million, which represented the sole business acquisition during the year, compared to $288 million in acquisitions for 2010. See Note 3 of the Consolidated Financial Statements for further details.

OPERATING CASH FLOW PRIOR TO WORKING CAPITAL CHANGES[1]

(in thousands – except per share amounts)

	Twelve Months Ended October 31, 2011	Twelve Months Ended October 31, 2010	Better (Worse)	Three Months Ended October 31, 2011	Three Months Ended October 31, 2010	Better (Worse)
EBITDA[1]	**$ 701,906**	$ 517,583	$ 184,323	**$ 110,578**	$ 137,958	$ (27,380)
Less:						
Employee future benefits	**7,100**	4,939	(2,161)	**11,449**	9,175	(2,274)
Other items	**(2,198)**	(1,814)	384	**(492)**	(7)	485
Integration expenses	**4,601**	5,449	848	**2,133**	1,216	(917)
Cash financing expense	**109,985**	120,038	10,053	**24,463**	23,806	(657)
Pre-tax cash flow	**$ 582,418**	$ 388,971	$ 193,447	**$ 73,025**	$ 103,768	$ (30,743)
Current income tax expense	**85,262**	27,722	(57,540)	**2,816**	15,748	12,932
Operating cash flow prior to working capital changes[1]	**$ 497,156**	$ 361,249	$ 135,907	**$ 70,209**	$ 88,020	$ (17,811)
Per share	**$ 1.34**	$ 0.97	$ 0.37	**$ 0.19**	$ 0.24	$ (0.05)

1 See Non-GAAP Measures in Section 18.

FREE CASH FLOW[1]

(in thousands)

	Twelve Months Ended October 31, 2011	Twelve Months Ended October 31, 2010	Better (Worse)	Three Months Ended October 31, 2011	Three Months Ended October 31, 2010	Better (Worse)
Operating cash flow prior to working capital changes[1]	**$ 497,156**	$ 361,249	$ 135,907	**$ 70,209**	$ 88,020	$ (17,811)
Property, plant and equipment expenditures	**206,654**	105,313	(101,341)	**83,924**	33,504	(50,420)
Intangible assets expenditures	**25,692**	16,515	(9,177)	**13,164**	3,962	(9,202)
Free cash flow (loss)[1]	**$ 264,810**	$ 239,421	$ 25,389	**$ (26,879)**	$ 50,554	$ (77,433)

1 See Non-GAAP Measures in Section 18.

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9.2 Non-Cash Working Capital

NON-CASH WORKING CAPITAL

(in thousands)

	As at October 31, 2011	2010	Change
Inventories	**$ 1,568,410**	$ 1,211,887	$ 356,523
Accounts receivable	**1,277,739**	955,885	321,854
Prepaid expenses and deposits	**111,934**	107,638	4,296
Accounts payable and accrued liabilities	**(1,462,975)**	(1,119,912)	(343,063)
	$ 1,495,108	$ 1,155,498	$ 339,610

Inventory values at October 31, 2011, increased $357 million over the previous year end. This was primarily due to higher fertilizer inventory levels and prices along with higher grain inventory levels. The higher balances of inventory were primarily experienced in the Australian grain handling and marketing operations and in the Company's International Grain group.

Accounts receivable increased by $322 million, primarily due to the expansion of international grain marketing operations in the year.

Accounts payable and accrued liabilities at October 31, 2011 increased $343 million over 2010, primarily due to increased inventory levels.

9.3 Financing Activities

KEY FINANCIAL INFORMATION[1]

(in thousands – except ratios and percentages)

	As at October 31, 2011	2010	Change
Cash and cash equivalents	**$ 298,060**	$ 154,793	$ 143,267
Total debt	**1,213,224**	960,806	252,418
Total debt, net of cash and cash equivalents	**915,164**	806,013	109,151
Ratios			
Current ratio	**2.07 x**	2.08 x	(0.01 x)
Debt-to-total capital	**23.1%**	20.6%	2.5 pt
Long-term debt-to-total capital	**20.7%**	19.2%	1.5 pt

[1] See Non-GAAP Measures in Section 18.

Viterra's balance sheet remained strong at October 31, 2011, with total debt-to-capital of 23.1% (October 31, 2010 – 20.6%). At year end, Viterra had $298 million in cash and cash equivalents with no cash drawings on its $2.1 billion Global Credit Facility.

On February 15, 2011, the Company issued $200 million of Senior Unsecured Notes with a maturity date of February 16, 2021 and a yield of 6.41%. The notes were issued pursuant to the Company's $500 million short-form base shelf prospectus dated August 6, 2010 and a prospectus supplement dated February 10, 2011. Proceeds from these Notes were used to partially repay drawings on its Global Credit Facility and for general corporate purposes.

On September 26, 2011, the Company extended and amended its Global Credit Facility agreement, initially entered into on May 17, 2010. The amended agreement increased the facility from $1.6 billion to $2.1 billion while reducing the borrowing costs. The agreement was extended by two years to September 25, 2015. The additional borrowing capacity provides for expected higher peak working capital requirements in future years as a result of the removal of the CWB monopoly. The facility will continue to be used to support the Company's global working capital requirements.

During 2011, the Company paid a total of $0.10 per share in dividends to its common shareholders. These were paid on February 10, 2011 and July 28, 2011. On January 18, 2012, the Board of Directors ("Board") approved a 50% increase in Viterra's dividend rate to $0.15 per share annually compared to the previous rate of $0.10 per share. In conjunction with this new dividend rate, the Board declared the first semi-annual cash dividend for the year of $0.075, payable February 22, 2012 to shareholders of record on January 30, 2012. The Board will continue to review the dividend semi-annually, taking into account the Company's cash flow, earnings, financial position and other relevant factors.

The Company maintains an active role in all decisions affecting cash distributions from principal subsidiaries. The Company does not rely on distributions from 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, financing of accounts receivable and capital expenditures. Levels of short-term debt fluctuate based on changes in underlying commodity prices and the timing of grain purchases in the Grain Handling and Marketing segment. In the Agri-products segment, changes in fertilizer prices can impact inventory values and customer and inventory prepayments.

The Company 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 Forward-Looking Information in Section 20 of this MD&A.)

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9.4 Debt Ratings

The following table summarizes the Company's current credit ratings, which are unchanged from the previous year:

	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

9.5 Contractual Obligations

CONTRACTUAL OBLIGATIONS AS AT OCTOBER 31, 2011

(in thousands)

		Principal Payments Due by Period			
	Total	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
Balance Sheet Obligations					
Short-term borrowings	$ 125,138	$ 125,138	$ –	$ –	$ –
Long-term debt	1,103,403	1,091	301,453	1,031	799,828
Other long-term obligations	162,860	14,403	41,602	6,215	100,640
	$ 1,391,401	$ 140,632	$ 343,055	$ 7,246	$ 900,468
Other Contractual Obligations					
Operating leases	$ 116,077	$ 40,573	$ 51,209	$ 12,151	$ 12,144
Purchase obligations[1]	2,492,075	2,449,796	40,875	1,404	–
	$ 2,608,152	$ 2,490,369	$ 92,084	$ 13,555	$ 12,144
Total Contractual Obligations	$ 3,999,553	$ 2,631,001	$ 435,139	$ 20,801	$ 912,612

[1] Substantially all of the purchase obligations represent contractual commitments to purchase commodities and products for resale.

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9.6 Pension Funding Obligations

The Company maintains both defined benefit and defined contribution pension plans, as well as other retirement and post-employment benefits for its employees.

The following table compares the values of pension plan assets and liabilities for accounting purposes to the estimated values for pension funding purposes (solvency basis) at October 31, 2011:

(in thousands)	Accounting Basis	Solvency Funding
Market value of pension assets	$ 561,871	$ 561,871
Pension liabilities	574,524	593,735
Funded status – surplus (deficit)	$ (12,653)	$ (31,864)
Unamortized accounting differences	131,733	
Consolidated accrued benefit asset	$ 119,080	

Based on current estimates, the Company has a $119 million accrued benefit asset net of valuation allowance in its plans for accounting purposes. However, from a solvency perspective (for pension funding purposes), it is estimated that the plans had a combined deficit of $32 million as at October 31, 2011. The Company funds its defined benefit pension plans in accordance with actuarially determined amounts based on federal pension regulations. The Company currently estimates payments made on a monthly basis totaling $2 million per quarter in 2012. The Company will be required to provide letters of credit of $15 million. Funding requirements may increase or decrease depending upon future actuarial valuations. The Company's projection is based on funding plan deficits over a period of up to eight years. These payments may change in the future to reflect formal valuations as at December 31, 2011, which the Company expects to receive in April 2012. Note 18 to the Consolidated Financial Statements describes in detail the Company's pension plan obligations.

Funding obligations are generally dependent on a number of factors, including the assumptions used in the most recently filed actuarial valuation reports for current service (including the applicable discount rate used or assumed in the actuarial valuation), the plan demographics at the valuation date, the existing plan provisions, existing pension legislation and changes in economic conditions (mainly the return on fund assets and changes in interest rates). Actual contributions that are determined on the basis of future valuation reports filed annually may vary significantly from projections. In addition to changes in plan demographics and experience, actuarial assumptions and methods may be changed from one valuation to the next, including by reason of changes in plan experience, financial markets, future expectations, and other factors.

10. OUTSTANDING SHARE DATA

The market capitalization of the Company's 371.7 million issued and outstanding shares at January 16, 2012 was $4.1 billion or $11.06 per share.

The issued and outstanding shares at January 16, 2012, together with securities convertible into common shares, are summarized in the following table:

As at January 16, 2012	
Issued and outstanding common shares	371,695,145
Securities convertible into common shares	
– stock options	2,441,699
Securities redeemable for common shares	
– share units	473,665
	374,610,509

As at October 31, 2011, there were 22.2 million outstanding CDIs, which trade on the ASX.

11. ACQUISITION AND INTEGRATION MATTERS

ABB

On September 23, 2009, the Company acquired all of the issued and outstanding common shares of ABB, an Australian agri-business. Integration of the business was complete as of July 31, 2011, with the Company achieving its targeted $30 million in gross synergies by April 30, 2011, six months ahead of schedule. These synergies were achieved primarily through revenue and cost efficiency in the Grain Handling and Marketing segment and through reduced corporate expenses.

On a pre-tax basis, estimated total net integration costs, which include share issuance costs and refinancing costs, are about $113 million. As of October 31, 2011, there is approximately $3 million of remaining integration costs to be capitalized related to the completion of information technology integration projects and other transformational programs.

Grain Handling and Marketing Segment

Montreal Port Terminal

Viterra has been operating the Montreal Port Grain Terminal since July 4, 2011, under a long-term lease arrangement. All integration activities were completed in the fourth quarter of 2011.

Agri-products Segment

Esso Branded Reseller

On November 8, 2011, Viterra and Imperial Oil announced an Agreement that saw the Company enter the commercial and farm fuel market. Viterra has acquired bulk fuel assets and has entered into a long-term Agreement to serve as a branded reseller, hauler and card lock operator of Esso fuels within Canada's Prairie region.

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Fuel is a strategic fit into Viterra's existing agri-products operations in Western Canada as the Company currently provides rural distribution to growers, and fuel will be added as another product to this service. In addition, fuel presents great opportunity for Viterra as it is one of the largest expenses in crop production. These additional operations are expected to help build deeper relationships with growers and leverage the Company's experience in providing rural distribution, credit services and handling of hazardous materials.

In total, 31 bulk fuel sites will be integrated within Viterra's Agri-products segment. Of these 31 facilities, Viterra has purchased six bulk fuel sites and has the right to access the remainder. Over the next three years, Viterra plans to transition from these right to access sites by building its own modernized bulk fuel sites.

Processing Segment

The Company should benefit from annual estimated gross synergies within Processing of approximately $6 million, relating to the acquisition of Dakota Growers and 21st Century. To date, the Company has realized about 90% of these synergies, and expects to deliver the full annualized benefit mid-way through fiscal 2012.

Dakota Growers

The Company's integration activities for Dakota Growers, which was acquired on May 5, 2010, were complete as of October 31, 2011. Full run rate synergies are on track to be achieved in fiscal 2012, with the majority of the annualized benefit being captured in fiscal 2011.

21st Century

After acquiring 21st Century on August 17, 2010, Viterra began formal integration initiatives in January 2011. Significant milestones in regard to aligning employee programs took place in the fourth quarter of fiscal 2011. Synergies were realized slightly ahead of schedule in 2011, with the most significant benefits to date being in the areas of grain procurement and corporate expense savings. Attainment of full run rate synergies is on track for fiscal 2012.

12. OFF BALANCE SHEET ARRANGEMENTS

12.1 Viterra Financial™

Viterra Financial™ provides grain and oilseed producers with unsecured working capital financing, through a Canadian chartered bank, to purchase the Company's fertilizer, crop protection products, seed and equipment. Outstanding credit was $605 million at October 31, 2011, compared to $520 million at October 31, 2010. Over 88% 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 October 31, 2011, Viterra has provided $7 million for past 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 is sold. Viterra Financial™ approved $96 million in credit applications for Viterra's feed products customers during fiscal 2011, compared to $87 million in fiscal 2010. These customers had drawn $40 million at October 31, 2011 (October 31, 2010 – $36 million). The Company has indemnified the bank for aggregate credit losses of up to $9 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 October 31, 2011, the Company had provided about $1 million for past and expected future losses.

13. RELATED PARTY TRANSACTIONS

In the normal course of business, the Company has transactions with related parties measured at exchange amounts, which are comparable to commercial rates and terms.

In addition to subsidiaries, joint ventures and equity investments, related parties also include Directors, investees in Prince Rupert Grain and grain pools operated by the Company.

The Company engaged in numerous transactions with related parties during fiscal 2011. Such transactions are disclosed in Note 21 to the Consolidated Financial Statements.

14. 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. A summary of the Company's significant accounting policies can be found in Note 2 to the Consolidated Financial Statements. The following discussion is an analysis of the critical accounting estimates that depend most heavily on such Management estimates, assumptions and judgments and 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 Forward-Looking Information in Section 20 of this MD&A.

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14.1 Fair values in a business acquisition

The acquisition of a company requires Viterra to estimate the fair values of the assets acquired and the liabilities assumed on the effective date of an acquisition. For significant acquisitions, the Company may use the work of third-party valuation experts; otherwise, Management determines the fair value of net assets acquired based on internally prepared estimates of market value.

14.2 Inventory

Grain Handling and Marketing Inventories

Grain Handling and Marketing inventories are recorded at fair value on the basis of closing market quotations less handling costs and any applicable freight costs. Observable inputs are used along with quoted prices in active markets. Given the short-term nature of these inventories, these estimates are evaluated frequently.

Agri-products and Processing Inventories

The Company reviews the carrying value of Agri-products and Processing inventories to determine if write-downs are required to state the inventory at the lower of cost and net realizable value. The determination of net realizable value reflects Management's best estimate of the expected selling price and Management's expectation that inventory will eventually be sold. Wool inventories are recorded at fair value on the basis of closing market quotations less estimated costs to sell.

14.3 Income Taxes

Future income tax assets and liabilities are recognized for the future income tax consequences attributable to loss carry forwards and temporary differences between the financial statement carrying values of assets and liabilities and their respective income tax bases. Future income tax assets or liabilities are measured using enacted or substantively enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The calculation of current and future income taxes requires Management to make estimates and assumptions and to exercise a certain amount of judgment concerning the carrying values of assets and liabilities. The current and future income tax assets and liabilities are also impacted by expectations about future operating results and the timing of reversal of temporary differences, as well as possible audits of tax filings by regulatory agencies. Management regularly assesses the Company's ability to realize net future income tax assets based on all relevant information available. Changes or differences in these estimates or assumptions may result in changes to the current and future income tax assets and liabilities on the Consolidated Balance Sheets and a charge to, or recovery of, income tax expense.

14.4 Amortization

The Company has made significant estimates related to the amortization policies for property, plant and equipment, and determinable lived intangible assets. Factors used to determine the estimates include, but are not limited to, the economic life of the asset and the salvage value of the asset at the end of its economic life. The Company makes an estimate based on the best information on these factors that it has at the time these estimates are performed.

14.5 Impairment of Property, Plant and Equipment, and Intangible Assets

The Company periodically assesses the recoverability of values assigned to property, plant and equipment, and intangible assets after considering potential impairment, indicated by such factors as business and market trends, future prospects, current market value and other economic factors. Where an indication of impairment exists, an estimate of the recoverable amount is made to determine the extent of any impairment loss.

In performing its review of recoverability, Management estimates the future cash flows expected to result from the use of the asset and its eventual disposition. If the sum of the expected future cash flows is less than the carrying value of the asset, an impairment loss would be recognized based on the excess of the carrying value of the asset over the fair market value calculated using discounted future cash flows.

14.6 Goodwill

Goodwill represents the excess of the purchase price over the fair values assigned to identifiable net assets on a business acquisition. Goodwill is assigned to the reporting units expected to benefit from the acquisition. Goodwill is not amortized. The Company assesses impairment of goodwill on an annual basis, or more often should events or circumstances warrant.

Goodwill impairment is measured as the excess of the carrying amount of the reporting unit's goodwill over the implied fair value of the goodwill based on the fair value of the assets and liabilities of the reporting unit. The process of determining fair value is subjective and requires Management to exercise a significant amount of judgment in determining future growth, discount and tax rates, as well as other factors.

14.7 Stock-Based Compensation Plans

The Company provides stock-based compensation plans that are equity settled and which are expensed over the vesting period of options granted, based on the fair value method at the grant date using the Black-Scholes option pricing model. This pricing model includes underlying assumptions related to the risk-free interest rate, average expected option life, vesting period and estimated volatility of the Company's share prices. Changes in quoted market value and assumptions about vesting would affect the recorded expenses and related liabilities.

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14.8 Pension and Other Post-Employment Benefits

Pension and other post-employment benefit obligations are measured based on actuarial valuations performed using the projected accrued benefit actuarial cost method pro-rated on service. The assets are valued at market value on September 30, 2011, with extrapolations as required to October 31, 2011. Complex actuarial calculations based on certain estimates and assumptions are used in determining the Company's defined benefit pension and other post-employment benefit obligations. Assumptions include the discount rate, the expected long-term rate of return on plan assets, expected growth rate of health care costs, projected salary increases and average remaining service periods. These assumptions depend on various underlying factors, such as economic conditions, investment performance, employee demographics and mortality rates. These assumptions may change in the future and may result in material changes in the pension and employee benefit plans expense. Changes in financial market returns and interest rates could also result in changes to the funding requirements of the Company's defined benefit pension plans.

14.9 Asset Retirement Obligations

The Company provides for site restoration and reclamation costs relating to closed facilities and current leases ("asset retirement obligations") ("ARO"). Reclamation involves the demolition of facilities and the reclamation of land. In determining the ARO, the Company uses the most current information available, including similar past experiences, available technology, regulations in effect, the timing of remediation and cost-sharing arrangements. The fair value of the obligation is based on estimated future costs for demolition of facilities and reclamation of land, discounted at a credit-adjusted risk-free rate. In subsequent periods, the ARO is adjusted for the passage of time and any changes in the amount or timing of the underlying future cash flows through charges to earnings. Management estimates include the period to complete projects, cash flows required and discount rates. By their nature, these estimates are subject to measurement uncertainty, and their impact on the financial statements could be material.

14.10 Fair Value of Financial Assets and Liabilities

Fair value amounts represent point-in-time estimates and may not reflect fair value in the future due to changes in market conditions and other relevant factors. Fair value of financial instruments, including derivative instruments, takes into account the Company's own credit risk and the credit risk of the counterparty.

15. CHANGES IN ACCOUNTING POLICY

The Company did not adopt any new significant accounting policies for the fiscal year ended October 31, 2011.

16. FUTURE ACCOUNTING STANDARDS

16.1 International Financial Reporting Standards

On January 1, 2011, International Financial Reporting Standards ("IFRS") became the generally accepted accounting principles in Canada for profit-oriented publicly accountable enterprises for their fiscal years beginning on or after January 1, 2011. Therefore, IFRS will be applicable for Viterra's first quarter of fiscal 2012 and will require the restatement, for comparative purposes, of amounts reported by Viterra for the year ended October 31, 2011, including the opening balance sheet as at November 1, 2010.

Viterra is executing a conversion project plan for transition from GAAP to IFRS, including the preparation of required comparative information relating to the 2011 fiscal year. As part of the IFRS conversion project, the Company has engaged external consultants to assist and advise in the Company's transition to IFRS. The conversion project plan consists of the following phases:

Initial Detailed Assessment Phase

This phase involves the high-level identification and assessment of the differences between IFRS and GAAP that will impact the Company.

Design Phase

This phase involves performing a detailed impact assessment of the differences between IFRS and GAAP, reviewing and approving accounting policy choices, identifying impact on systems and business processes, preparing position papers for areas of significant judgment, drafting the transition date consolidated statement of financial position and drafting illustrative IFRS consolidated financial statements and notes.

Execution Phase

This phase involves embedding changes to systems, processes and internal controls, and preparing IFRS consolidated interim and annual consolidated financial statements for the year ended October 31, 2012, including comparatives.

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16.1.1 Status of Key Elements of Viterra's IFRS Project Plan

Key elements of IFRS Project Plan	Key activities	Status
Accounting Policies and Financial Statement Preparation	► Analysis of accounting policy differences. ► Selection of IFRS accounting policies and elections that can be made on first-time adoption of IFRS. ► Development of draft illustrative IFRS consolidated financial statements and notes. ► Quantification of IFRS impacts on transition.	The Company is finalizing work related to accounting policies and financial statement preparation. The Company has prepared draft illustrative IFRS consolidated financial statements and notes. A preliminary opening balance sheet with quantified impacts has been prepared.
Control Environment	► Assessment of the impact of accounting policy changes and procedures on the design and effectiveness of Internal Control Over Financial Reporting ("ICFR") and Disclosure Controls and Procedures ("DC&P") and implementation of any appropriate changes. ► Design and implementation of controls for the preparation of the opening balance sheet and the recording of IFRS adjustments for the comparative periods. ► Design and implementation of controls for new or changed procedures arising as a result of changes to accounting policies.	There have been no significant changes required to ICFR and no significant changes required to DC&P as their processes have not been significantly impacted by the change to IFRS. Controls have been implemented for the preparation of the opening balance sheet and the recognition, measurement and recording of IFRS adjustments for the 2011 comparative periods that will be presented under IFRS in 2012. New process controls or changes to existing process controls have been designed and implemented for those processes affected by the adoption of IFRS accounting policies.
Training Requirements	► Development of targeted IFRS expertise where roles and work are affected by the transition to IFRS. ► Formation of working teams to ensure compliance with accounting policy changes and related process and internal control changes. ► External and internal education and communication.	The Company continues to provide targeted training for Finance staff and Management as well as other key employees and stakeholders. Working teams, the steering committee and the Audit Committee continue to be actively involved in the transition project. Communication of identified differences, their implementation and impact is ongoing. Such communication includes the external communication and updates in the Company's Management's Discussion and Analysis for each quarterly period.
Business Impacts	► Identification of impact on financial covenants, business practices, contracts, hedging and compensation arrangements. ► Assessment of impact on budgeting, forecasting, performance measurements and long-range business plans and strategy. ► Analysis of impact on key internal performance indicators.	The impact assessment on financial covenants, business practices, contracts, hedging and compensation arrangements as well as key internal performance indicators has been completed. The budget and long-range business plans and strategy for the year ending October 31, 2012 were completed using IFRS financial reports and balances. No significant changes are expected to be required in relation to business activities.
Information Systems	► Information systems changes to support IFRS requirements and ensure readiness for capturing comparative data and required data on a go-forward basis	Changes to information system processes for IFRS adjustments in the comparative year have been established and implemented effective from the date of transition to IFRS. Data capture for information required by the draft IFRS accounting policies has been tested. No significant changes were required to the Company's information technology and data systems.

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16.2 Currently Identified Differences between GAAP and IFRS

Impacted Areas	Key Differences
Business Combinations	IFRS requires transaction costs in a business combination to be expensed whereas GAAP include such costs in the cost of the acquisition. Under IFRS, unlike GAAP, the treatment of adjustments to the measurement of the business combination that occur subsequent to the acquisition date are required to be recorded retrospectively and comparative figures revised. Depending on specific facts and circumstances, IFRS can differ from GAAP for identification of the acquisition date and measurement of certain acquired items such as contingent liabilities and future income taxes. These differences can increase the charges to earnings for acquisition-related costs when a business combination occurs.
Employee Benefits	IFRS presently permits a policy choice whether to recognize actuarial gains and losses immediately in equity, immediately in earnings or on a deferred basis to earnings. GAAP does not permit the immediate recognition in equity. IFRS also requires that vested past service costs be expensed immediately and any unvested costs be amortized on a straight-line basis over the remaining vesting period. GAAP requires amortization of past service costs for former employees over their average life expectancy and amortization of past service costs for still active employees over their expected average remaining service life.
Share-based Payments	Under IFRS, shared-based awards that vest in installments must be accounted for as though each installment is a separate award and be recognized using the graded vesting method. This requirement will result in accelerated recognition of the compensation expense in comparison to GAAP. IFRS also requires that forfeitures be estimated on the date of grant and the estimate be updated each reporting period to determine the period's compensation expense. GAAP allowed a choice between estimating forfeitures or accounting for them on an actual basis.
Impairment of Assets	Unlike GAAP, IFRS measures the impairment of assets, excluding financial assets and certain other assets, by comparing the value of an asset or cash generating unit to its recoverable amount. The recoverable amount is measured as the higher of fair value less cost to sell or value-in-use. Under IFRS previously recognized impairment losses, other than amounts relating to goodwill, are reversed when there is an increase in the recoverable amount of the related asset or cash generating unit. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill is allocated to cash generating units or groups of cash generating units that are expected to benefit from the synergies of the business combination for which goodwill was identified. IFRS requires that an impairment test be performed at the date of transition to IFRS which has been completed by the Company and for which there was no impairment loss. The difference in the testing for impairment of assets increases the potential for impairment losses and reversal of previously recorded losses.
Provisions	IFRS requires present obligations, such as asset retirement obligations, to be recognized based on the best estimate of the cash outflows required to settle the obligation at the end of each reporting period. The provision is to be discounted when the time value of money is material. IFRS requires the discount rate to be a pre-tax market rate reflecting the risks specific to the obligation being discounted. GAAP does not discount provisions unless specifically required by a standard or when a provision is required to be measured at fair value. The GAAP standard for asset retirement obligation differs in its requirement to continue measuring the obligation using the credit-adjusted discount rate that was applicable at the time of the initial recognition. The GAAP standard also differs in its requirement to measure the obligation at fair value. These differences can result in more frequent changes to the measurement of the asset retirement obligation if interest rates change in each reporting period or if changes in estimates are required in the reporting period.
Income Taxes	Both GAAP and IFRS follow the liability method of accounting for income taxes whereby tax liabilities and assets are recognized on temporary difference. However, some technical differences exist between IFRS and GAAP regarding recognition, measurement and presentation of income taxes. IFRS requires income tax to be charged directly to equity if the tax relates to items that are charged directly to equity either in the same or a different period. Under GAAP, income tax relating to items charged directly to equity in a different period is recognized through net income or loss. Under IFRS, the amounts reported for deferred tax expense and deferred tax assets and liabilities will vary from the amounts reported under GAAP in the Company's 2011 financial statements.
Hedging	There are differences in the accounting for hedges of net investments in foreign entities. Under GAAP, if a capital transaction occurs in relation to a foreign self-sustaining subsidiary, an entry to reclass cumulative translation adjustment and the net gain or loss from other comprehensive income to net earnings will be required. Under IFRS, this is only required if there is a disposal or partial disposal of a foreign operation.
Presentation and Disclosure	Under IFRS, the Consolidated Statements of Earnings must be presented either by function or by nature. The Company expects to report expenses by nature, which will result in gross profit no longer being presented. In addition, there will be certain line item changes in the Consolidated Balance Sheets and the Consolidated Statements of Cash Flow. The Company does not expect a significant impact to its reported cash from operating activities as a result of the transition to IFRS.

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16.3 IFRS 1 – First-time Adoption of International Financial Reporting Standards

The adoption of IFRS requires the application of 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 at the date of transition, November 1, 2011, but provides certain optional exemptions and mandatory exceptions.

Impacted Areas	Summary of Exemption Available
Business Combinations	The Company will elect to apply an IFRS 1 exemption from the requirement to restate all business combinations that occurred before the date of transition.
Fair Value	IFRS 1 allows an entity to measure an item of property, plant and equipment at its fair value on the date of transition and use that fair value as its deemed cost. The Company may elect to utilize fair value as deemed cost for certain of its property, plant and equipment on the date of transition.
Revaluation as Deemed Cost	IFRS 1 allows an entity to use a previous GAAP revaluation of an item of property, plant and equipment that occurred prior to or on the transition date to be used as deemed cost at the date of its revaluation if the revaluation was broadly comparable to fair value. The Company will elect to use a previous revaluation of an item of property, plant and equipment that occurred prior to the transition date as its deemed cost.
Employee Benefits	IFRS 1 provides an exemption by which actuarial gains and losses do not have to be recalculated from the inception of each defined benefit plan. Viterra will elect to recognize all of its cumulative actuarial gains and losses at the date of transition, which is expected to result in an adjustment to retained earnings for a cumulative actuarial loss of approximately $111 million with a corresponding decrease to other long-term assets of $111 million.
Foreign Currency Translation	Retrospective application of IFRS would require Viterra to determine the foreign currency translation differences in accordance with IFRS from the date a subsidiary or associate was formed or acquired. Viterra will elect to reset all cumulative translation gains and losses to zero at the transition date. The cumulative unrealized gain of approximately $112 million from foreign currency translation of foreign operations and net investment hedges will be reclassified from other comprehensive income to retained earnings.

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17. RISKS AND RISK MANAGEMENT

17.1 Governance and Oversight

Successful risk management requires a prudent balance between risk, return and the cost of control to support Viterra's mission, vision and strategy. Corporate risk at Viterra is managed on a proactive, explicit basis through the identification and mitigation of risks within an Enterprise Risk Management ("ERM") framework. Viterra's ERM framework was developed under the standards of the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") "Enterprise Risk Management – Integrated Framework". Enterprise-wide risk management is a process effected by the Company's Board of Directors, Management and personnel, applied in particular settings and across the Company. It is designed to identify potential events that may impact the Company, manage risk to be within the Company's risk appetite, and to provide reasonable assurance regarding the achievement of the Company's objectives.

A structured and disciplined approach to ERM provides assurance that the Company's strategic direction is not impeded through avoidable loss, and hampered by change and uncertainty. It enables Viterra to take advantage of opportunities where appropriate. The ERM framework supports Viterra's strategy and reflects the appropriate risk appetite and risk tolerances as set out by Management and the Board of Directors.

The Board of Directors is responsible for overseeing the Company's ERM framework through its Audit Committee and a Risk Management Committee comprised of senior executive officers of the Company. Viterra's Risk Management Committee is responsible for the ERM framework. This includes responsibility for ongoing reporting of significant risks to the Company's Disclosure Committee and Audit Committee, as well as providing assurance that risk mitigation processes adequately reduce the likelihood and/or impact of material risks on business performance and corporate reputation.

Viterra's senior Management is responsible for ensuring that key corporate risks are identified, assessed, monitored and reported, and that mitigation strategies are developed where prudent. These corporate risks are documented and tracked as part of the ERM process through maintaining a Corporate Risk Register ("CRR"). This evaluation, monitoring and reporting is ongoing and integrated into the Company's strategic planning processes. Senior managers update the ERM framework whenever significant new risks arise or there is a significant change in the likelihood or impact of an existing risk. In addition, the CRR is reviewed and updated as part of the annual strategic planning process.

17.2 Weather Risk

As an agri-business Company, Viterra's most significant risk is the weather. The effect of weather conditions on production volumes and crop quality present significant operating and financial risk to Viterra's Grain Handling and Marketing segment. Volumes are a key driver of earnings for Viterra's grain operations. Fixed costs in Viterra's primary elevator system represent approximately 75% to 80% of total costs and, as a result, reduced volume and inventory turns will negatively impact the achievable margin/earnings per tonne.

Crop quality is also an important factor because the majority of the higher quality grains and oilseeds are sent to port terminals for export. Accordingly, Viterra generates margins at each stage of its value chain through to its port terminals. Grains destined for domestic markets generate lower margins on average, particularly feed grains, which require little processing and handling. The mix of grains and oilseeds that Viterra manages in any given year is an important factor affecting margins and earnings. Viterra offers a number of programs to its primary customers, including drying and blending opportunities, in an attempt to mitigate some of the quality risk.

The level and mix of agri-products sales are also dependent on weather. Weather and moisture levels are a determining factor for, among other things, crop selection by producers at seeding time, the variety of seed sown and the amount of proprietary seed purchased. Crop selection decisions also impact the amount of fertilizer and crop protection products Viterra sells since certain crops require significantly more inputs than others. During the growing season, weather determines the type and amount of agri-products applied to the land. Viterra's Agri-products segment works closely with its Grain Handling and Marketing segment to anticipate producers' intentions for seeding in order to manage agri-products inventories appropriately.

Viterra's elevators and agri-products distribution facilities in Canada are geographically dispersed throughout the Prairie provinces, diversifying the Company's exposure to localized growing conditions. In Australia, the majority of the facilities are located in South Australia.

Viterra has historically had grain volume insurance to protect the cash flow of the Company from significant declines in grain volumes as a result of drought or other weather-related events. For 2011, the Company had $75 million of coverage in place for Canadian and Australian exposure. The Company intends to place similar coverage for 2012.

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17.3 Food and Feed Product Safety Risk

The Company is subject to potential liabilities connected to food and feed safety and product handling. A significant portion of the Company's sales are generated from food products and the Company could be vulnerable in the event of a significant outbreak of food-borne illness or increased public health concerns in connection with certain food products.

To address consumer concern over food and feed safety and product handling, Viterra has established a number of processes to track and identify crops at every stage of production: from seed to customer delivery. Viterra's processes meet international standards, including the International Organization for Standardization's ("IOS") ISO 22000, the internationally recognized system for food safety, and ISO 9001:2008, the ISO registration for the processing and export of grains, oilseeds and special crops. ISO 22000/ISO 9001:2008 registrations are verified by third-party audits.

The Company's country elevator network in North America consists of 82 grain facilities, including two joint venture country facilities, and nine processing facilities that are registered ISO 9001:2008 and ISO 22000:2005 compliant. The Quality Control department in Regina, Saskatchewan is also ISO 9001:2008 registered. The food processing plants are FSSC 22000:2010, British Retail Consortium ("BRC") and Safe Quality Food ("SQF") registered, accreditations approved by the Global Food Safety Initiative ("GFSI").

The Company's six Canadian feed mills and pre-mix facilities comply with all federal regulations and are Hazard Analysis and Critical Control Points ("HACCP") certified or compliant. In addition, Canadian operations are inspected by the Canadian Food Inspection Agency and U.S. feed mills are inspected by state and federal agencies in the U.S. The Friona Feed Mill is ISO 22000:2005 registered with plans for all U.S. and Canadian plants to be registered in the next year.

In Australia, Viterra's grain handling and malt operations are registered to the ISO 22000:2005 as well as the ISO 9001:2008 standards. The ISO 9001:2008 and ISO 22000:2005 accreditations cover Viterra Australia's broader grain handling and malting operations. The New Zealand feed operations are in the process of achieving ISO 22000:2005 registration in fiscal 2012.

Even with precautions taken, there is still a risk to Viterra that a serious food and feed incident may occur resulting in financial and reputation loss.

17.4 Safety and Environment Risk

The Company's exposure to safety, health and environmental risk relates primarily to the possibility that a serious safety or environmental incident could occur at one of its operating facilities. The Company manages this risk by adhering to strict safety, health and environment risk management systems and all applicable regulatory requirements. Even with precautions taken, there is still a risk to Viterra that a serious safety or environmental incident may result in financial and reputation loss.

17.5 Commodity Price and Trading Risk

A significant portion of Viterra's sales are derived from its Grain Handling and Marketing segment. Earnings for this segment fluctuate based on the volume of grain handled and the market price of open market grains.

Pursuant to the newly enacted Canadian legislation, the *Marketing Freedom for Grain Farmers Act*, as of August 1, 2012, the CWB will no longer have a marketing monopoly on board grains. As such, after August 1, 2012, Viterra will assume marketing activities for these grains in its system, in the same manner as open market grains.

In North America, board grains accounted for about 45% of total grain shipped by Viterra in fiscal 2011 versus about 49% in fiscal 2010. For these grains, the Company's risks are reduced in part through the terms of formal legal arrangements between Viterra and the CWB. The arrangements provide for full reimbursement of the price paid to producers for grain as well as certain costs incurred by Viterra. Adverse impacts may be experienced by Viterra whereby handling of board grains results in a loss of grade or, in the case of the CWB's tendering program, Viterra fails to meet the requirements under the tendering contract. Viterra employs grain grading, handling procedures and quality testing across its value chain to help mitigate these risks.

For all grains, oilseeds and special crops handled and marketed by Viterra, including board grains after August 1, 2012, the Company is exposed to the risk of movement in price between the time the grain is purchased and when it is sold. Financial risk management activities commonly referred to as "hedging", where such opportunities exist, can reduce this risk. Hedging is the placing in the futures market of a position opposite to one held in the cash market in order to reduce the risk of financial loss from an adverse price change. In so doing, the Company assumes basis risk to the extent the futures market and the cash market do not change by directly equivalent amounts. 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.

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Management has reviewed its risk assessment of commodity price risk and has implemented an updated Value at Risk ("VaR") method in order to standardize the risk assessment globally. All market risk associated with commodity price movement is measured using the 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. Management also regularly stress tests commodity risk positions for performance under low probability scenarios and against historical benchmarks. Management use this analysis to contextualize daily VaR results and to assess the impact that such scenarios may have on the Company's financial results.

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 grain handling and marketing operations 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.

17.6 International Trade and Compliance Risk

The Company conducts business with customers in over 50 countries and its global sales and merchandising operations are conducted through its subsidiaries in many jurisdictions. Viterra's operations outside of Canada require the Company to comply with a number of Canadian and international regulations, including export control regulations and anti-corruption legislation. Violation of these could have a material adverse effect on our consolidated results, operations or financial condition. To mitigate these risks, the Company has internal control policies and procedures and has implemented training and compliance programs for its employees. In addition, the Company has adopted international standard operating procedures with defined roles and responsibilities to mitigate risk from trade inception to execution.

17.7 Sovereign and Political Risk

The world grain market is subject to numerous risks and uncertainties, such as global political and economic conditions, which can affect the Company's ability to compete in the world grain market and importing countries' abilities to purchase grain and other agri-food products. Both of these factors affect export levels of board grains and open market grains and oilseeds, which in turn affect the Company's handling volumes and can have a material adverse effect on the Company's financial results, business prospects and financial condition.

International agricultural trade is affected by high levels of domestic support and global export subsidies, especially by the U.S. and the E.U. Such subsidies interfere with normal market demand and supply forces and generally put downward pressure on commodity prices. Tariffs and subsidies can restrict access to foreign markets and can prevent the expansion of the Canadian agri-food processing industry. The political influence of the farm sector in both the U.S. and the E.U. is very significant, and agricultural negotiations are driven as much by political needs as they are by economics.

Canada has been involved in negotiations through the World Trade Organization ("WTO") to address tariff, export subsidy and domestic support issues. Where appropriate, Canada will also enter into bilateral negotiations to address market access issues. Restrictive trade practices can and have been challenged through the "Dispute Resolution" mechanisms of the WTO. On non-tariff trade matters, Canada will engage the country imposing restrictions directly. Viterra works directly with the federal government and trade organizations to identify and resolve tariff issues and non-tariff trade barriers.

In addition, the Company's foreign operations may be subject to the risks normally associated with the conduct of business in certain foreign countries, including uncertain political and economic environments; strong governmental control and regulation; lack of an independent judiciary; war, terrorism and civil disturbances; crime; corruption; changes in laws, regulations or policies of a particular country, including those related to imports, exports, duties and currency; cancellation or renegotiation of contracts; tax increases

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or other claims by government entities, including retroactive claims; the risk of expropriation and nationalization; delays in obtaining or the inability to obtain or maintain necessary permits; currency fluctuations; high inflation; restrictions on the ability of such companies to hold USD or other foreign currencies in offshore bank accounts; import and export regulations; limitations on the repatriation of earnings; and increased financing costs. The occurrence of one or more of these risks may have a material adverse effect on the Company's financial results, business prospects and financial condition.

17.8 Capital Market Risk

General economic and business conditions that impact global debt or equity markets can impact the availability of credit and the cost of credit for the Company. This capital market risk could have a material adverse effect on the Company's financial results, business prospects and financial condition.

The Company mitigates this risk by establishing long-term relationships with banks and capital market participants, maintaining the Company's debt at prudent levels and by diversifying the source and maturity dates of its capital.

17.9 Liquidity Risk

The Company's liquidity risk refers to its ability to settle or meet its obligations as they fall due. 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 requirements, planned 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. See Section 9.3 of this MD&A and Notes 13, 15 and 24 of the Notes to the Consolidated Financial Statements for further information on credit facilities in place and liquidity risk. Management believes that future cash flows from operations and availability under existing banking arrangements will be adequate to support these financial liabilities.

17.10 Financial Reporting Risk

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with GAAP. Disclosure controls and procedures are designed to ensure that information required to be disclosed by a company in reports filed with securities regulatory agencies is recorded, processed, summarized and reported on a timely basis and is accumulated and communicated to a company's management, including its chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of reporting, including financial reporting and financial statement preparation.

17.11 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 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™. Credit defaults by Viterra's customers or counterparties could have a material adverse effect on Viterra's financial results and financial condition.

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.

Viterra's average bad debt write-offs over the past two fiscal years have averaged less than 0.05% of sales and other operating revenues. See Note 24 of the Notes to the Consolidated Financial Statements.

17.12 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 acquisition of foreign operations has exposed the Company to the impact of changes in the Australian Dollar ("AUD") to CAD exchange rate on its net investment in Viterra Australia and to the impact of changes in the USD to CAD exchange rate on its net investment in the U.S. For accounting purposes, these foreign operations are considered to be self-sustaining entities and,

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therefore, the impact of changes in the exchange rate will be recognized in the Accumulated Other Comprehensive Income section of the Company's Consolidated Statements 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.

17.13 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 used interest rate swaps to manage variable interest rates associated with a portion of the Company's debt portfolio.

17.14 Merger and Acquisition Risk

Viterra has made a number of significant acquisitions since 2007 and is expected to continue to acquire assets that meet its criteria. The evaluation of such opportunities includes comprehensive pre-acquisition due diligence and post-acquisition integration. Any acquisition that Viterra may choose to complete may be of a significant size, may change the scale of Viterra's business and operations, and may expose Viterra to new geographic, industry, regulatory, operating and financial risks. Viterra's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate the acquired operations successfully with those of Viterra. Any acquisitions would be accompanied by risks that may include:

- adverse changes to the industry of the purchased company or asset,
- difficulty integrating the operations and personnel, realizing anticipated synergies, maximizing the financial and strategic position of the combined enterprise, and maintaining uniform policies, systems and controls across the organization,
- unexpected costs and liabilities which may be significant and not covered by an indemnity in the acquisition agreement,
- disruptions to Viterra's current businesses and its relationships with employees, customers and suppliers, and
- business risks that Viterra has not been previously engaged in and exposed to.

There can be no assurance that Viterra would be successful in overcoming these risks or any other difficulties encountered in connection with such acquisitions. These risks and difficulties, if they materialize, could disrupt the Company's ongoing business, increase expenses and adversely affect Viterra's financial results, business prospects and financial condition.

17.15 Regulatory Risk

As per the *Marketing Freedom for Grain Farmers Act*, as of August 1, 2012, the CWB will no longer have a marketing monopoly on board grains. Leading up to August 1, 2012, under the *CWB Act*, the CWB is established as the central selling agency for the export of board grains. Since board grains accounted for approximately 45% of the grain shipped by the Company for the fiscal year ended October 31, 2011, the size and scheduling of CWB's export program can significantly affect the quantity and timing of the Company's grain handling volumes leading up to August 1, 2012. Viterra works closely with the operations staff of the CWB on a daily basis to co-ordinate the quantity and timing of board and non-board grain movement to try and maximize efficiency of pipeline logistics.

In Australia, WEA administers a scheme under which all exporters of bulk wheat must be accredited. Viterra's Australian operations are currently accredited until September 30, 2014. To maintain its accreditation, Viterra must provide access to its port services to other exporters pursuant to access arrangements approved by the ACCC. A loss of its accreditation could have a material adverse effect on the Company's financial results, business prospects and financial condition.

Since March 2011, two separate parliamentary inquiries have been established to investigate issues arising from the operation of vertically integrated wheat export and bulk handling companies such as Viterra:

- in South Australia, the current inquiry by the Senate Select Committee of the House of Assembly of the Parliament of South Australia to investigate the Grain Handling Industry and
- in federal Parliament, the current inquiry by the Senate Rural Affairs and Transport References Committee to investigate Operational Issues Arising in the Export Grain Storage, Transport, Handling and Shipping Network in Australia.

To date, Viterra has provided extensive written submissions and given evidence before public hearings at both inquiries, respectively. Viterra has placed on record its role in facilitating record shipments from South Australia, and outlined its substantial and continuing investment in the region. The 2010-11 Viterra Post Harvest Review has been a key reference to support Viterra's evidence, due to the strong overlap with the terms of reference of both parliamentary inquiries. Each inquiry is due to report to its respective Parliament in 2012.

In Australia, the Company is involved in a number of mandatory energy and carbon reporting programs regulated under the *Energy Efficiencies Opportunities Act and the National Greenhouse and Energy Reporting Act* ("NGER"). The recently passed *Clean Energy Act* will introduce a carbon pricing mechanism in the form of a Carbon Tax as of July 1, 2012. This will impose a set price on an equivalent tonne of carbon emitted with an initial price of $23.00 AUD per tonne, rising by 2.5% over the subsequent two years. From July 1, 2015 onward the market will set the price through an auction. Large emitters (greater than 25,000 tonnes of carbon) will be liable

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to pay the carbon price. Energy, fuel and other inputs are expected to become more expensive with the introduction of this carbon tax. The tax will impact Viterra both directly, with at least one facility exceeding the 25,000 tonne threshold, and indirectly through price increases for other inputs. However, preliminary Viterra estimates predict only a minor financial (non-material) effect on the Company.

In New Zealand, the financial obligations of an emissions trading scheme ("ETS") commenced on July 1, 2010. An external review of the New Zealand ETS (concluded on June 30, 2011) resulted in a recommendation to incrementally phase in the energy, transport and industrial sector obligations over 2012 to 2015 as opposed to the originally proposed 2013 deadline. There will be no direct impact on the Company with regard to the New Zealand ETS, and indirect impacts through increased energy prices for Viterra's feed mills are not expected to be material.

In North America, Viterra assesses emissions to monitor potential impacts to the business given pending and anticipated changes to the regulatory environment. The Company participates in mandatory reporting on emissions, such as the National Pollutant Release Inventory. Greenhouse gas ("GHG") emissions are also assessed, although reporting is not required as GHG emissions of existing operations are below existing or proposed North American GHG reporting thresholds. Emissions (particulates, ammonia, metals, GHG) monitored by Viterra are not currently subject to regulatory reduction criteria under current legislation. Apart from the resources that it takes to report and assess emissions, there is no direct financial impact to the business in relation to regulated emission reductions at this time. It is notable that emission reductions for particulates have the potential to be imposed in future and could have a material adverse impact on the Company's financial results, business prospects and financial condition.

17.16 Corporate Social Responsibility Risk

Increasingly, shareholders are looking for evidence that corporations are making reasoned decisions regarding sustainability issues, (environmental and social issues, even beyond what is required for legal and regulatory compliance). The global agricultural and food ingredients markets are highly competitive. The industry is driven by various supply and demand fundamentals as well as by consumer expectations. Those involved in moving agricultural ingredients around the world have to demonstrate that they are doing so in consideration of sustainability and environmental factors in their business practices. The failure to meet sustainability requirements or expectations of the Company's shareholders, customers, suppliers and other key external stakeholders could result in the loss of acceptable supplier status, an inability to obtain required licenses or financing in new or existing markets, opposition from non-governmental organizations ("NGOs"), and reputational damage.

Viterra has implemented specific programs to mitigate these risks, including disclosure of environmental social and governance programs and performance via the corporate website (www.viterra.com), programs for stakeholder engagement through shareholder meetings, participation in customer audits, community investment, roundtable discussions with agricultural groups, and the launch of a web feedback tool. The Company has also adopted enhanced due diligence practices with a focus on corporate responsibility and sustainability for new market entries. In June 2011, the Board and its Committees reviewed and revised their respective mandates against evolving needs of the Company and best practices of their peer group, to better define their objectives, roles and responsibilities, including giving higher prominence to safety, health and environmental matters. The mandate for the Safety, Health, Environment and Sustainability Committee was revised to provide specific duties for sustainability and for the Company's emergency response program and crisis management plan. The Board and Committee Mandates are available on the Company's website at www.viterra.com.

Despite these efforts, and notwithstanding the Company's belief that there is a limited risk of these concerns in existing markets, ever-changing consumer sentiments with respect to social responsibility could negatively impact the Company's reputation. Adverse publicity resulting from actual or perceived violations of environmental laws and regulations, from business practices considered environmentally irresponsible, or from damage to the environmental reputation of the Company's suppliers, may weaken the value of the Company's brand image, negatively impact customer attitudes and decrease demand for the Company's products. This may lead to a decrease in results of operations and the Company's share price. These impacts may occur even if the allegations are not directed against the Company or are not valid, and even if the Company is not found liable. Other companies in the global agricultural and food ingredients markets have encountered these issues, resulting in reduced demand for, or boycotts of, their products.

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17.17 Third-party Relationship Risk

There is a risk to Viterra that third-party relationships may fail, resulting in the potential for operational disruptions, financial loss and reputational loss. These third-party relationships include:

- operational relationships with key customers and suppliers,
- railway companies and other transportation services to carry the Company's products to market,
- banks that lend money to the Company directly and through lending syndicates, act as counterparties and provide banking services,
- rating agencies such as DBRS Limited, Standard & Poor's and Moody's,
- agent agreements,
- information system vendors,
- counterparty relationships with trading partners,
- futures exchanges, and
- government and regulatory agencies.

If any of these relationships should falter, Viterra may experience business disruption and financial loss. Depending upon the circumstance, there could also be a loss of reputation.

17.18 Information Technology Risk

Viterra places significant reliance on information technology for information and processing that support financial, regulatory, administrative, and commercial operations. In addition, the Company relies upon telecommunication services to interface with its global operations, customers and business partners. The failure of any such systems for a significant time period could have a material adverse effect on the Company's financial results, business prospects and financial condition. Viterra endeavours to mitigate the risk of interruption by contracting business resumption services to global third-party service providers. Viterra also has a disaster recovery plan in place for the technical recovery of information systems.

17.19 Tax Risk

Viterra is subject to ongoing tax audits and assessments in various jurisdictions. Accordingly, we may incur additional tax expense based upon our assessment of the probable outcomes of such matters. In addition, when applicable, Viterra adjusts the previously recorded tax expense to reflect audit results. The Company's ongoing assessments of the probable outcomes of the examinations and related tax positions require judgment and can materially increase or decrease our effective tax rate as well as impact our operating results. Changes in tax law or changes in the way that tax law is expected to be interpreted may also impact the Company's effective tax rate as well as its business and operations.

17.20 Talent Management and Succession Planning Risk

The Company is dependent on the continued services of its senior management team, and its ability to retain other key personnel. Although the Company believes that it could replace such key employees in a timely fashion should the need arise, the loss of such key personnel could have a material adverse effect on the Company. To address this risk, Management has a succession and development program. Management also reviews the Company's compensation programs on a regular basis to ensure they are competitive with the markets in which Viterra operates so that key positions can be recruited when internal candidates are not available.

17.21 Employee Relations Risk

A labour disruption could have a material adverse effect on the Company's financial results, business prospects and financial condition. There can be no assurance that labour difficulties will not arise at one or more of the Company's facilities or at any other company upon which Viterra is dependent for transportation or other services. To address this risk, Management has taken a consistent and transparent approach to labour discussions with all employees, regardless of representation. While this approach to collective bargaining has been successful in the past, there can be no assurance that the Company will be able to conclude new collective agreements or that labour disruptions will not occur in the future.

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18. NON-GAAP MEASURES

Adjusted EBITDA ("EBITDA") – Earnings before financing expenses, taxes, goodwill impairment, amortization, (gain) loss on disposal of assets, integration expenses, and net foreign exchange gain (loss) on acquisition and Adjusted EBIT ("EBIT") – Earnings before financing expenses, taxes, (gain) loss on disposal of assets, integration expenses, and net foreign exchange gain (loss) on acquisition 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 expenses 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 expenses, income taxes or other excluded items to these individual segments.

EBITDA to cash interest is defined as EBITDA divided by cash interest where cash interest is net financing expenses, excluding refinancing costs less non-cash financing expenses. The ratio is calculated on a rolling 12-month basis. This measure is intended to assess interest coverage and the Company's ability to service its interest bearing debt.

Total debt, net of cash and cash equivalents is used by Management to assess 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.

Operating cash flow prior to working capital changes ("operating cash flow") 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 its evaluation of long-term liquidity.

Free cash flow is operating cash flow, 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.

CFROA is calculated by the Company using operating cash flow excluding pre-tax cash interest less sustaining capital expenditures (net of proceeds) divided by average long-term assets plus average non-interest bearing working capital. The measure is used to assess the Company's ability to generate cash flow returns in relation to the Company's weighted average cost of capital. It is the Company's view that there is no comparable GAAP financial measure. The Company reports this ratio annually.

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 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 on the following page.

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NON-GAAP TERMS, RECONCILIATIONS AND CALCULATIONS

(in thousands – except percentages and ratios)

	For the Twelve Months Ended October 31,	2011	2010	Better (Worse)
	Gross profit and net operating revenues	**$ 1,548,319**	$ 1,258,567	$ 289,752
	Operating, general and administrative expenses	**846,413**	740,984	(105,429)
	Adjusted EBITDA	**$ 701,906**	$ 517,583	$ 184,323
	Goodwill impairment	**$ 7,681**	$ –	$ (7,681)
	Amortization	**205,536**	192,676	(12,860)
	Adjusted EBIT	**$ 488,689**	$ 324,907	$ 163,782
	Loss (gain) on disposal of assets	**$ 289**	$ (7,778)	$ (8,067)
	Integration expenses	**4,601**	5,449	848
	Net foreign exchange loss on acquisition	**–**	159	159
	Financing expenses	**115,684**	138,107	22,423
		$ 368,115	$ 188,970	$ 179,145
	Provision for corporate income taxes			
	Current	**$ 85,262**	$ 27,722	$ (57,540)
	Future	**17,444**	15,976	(1,468)
	Net earnings	**$ 265,409**	$ 145,272	$ 120,137
	Cash from operating activities	**$ 192,724**	$ 152,144	$ 40,580
	Changes in non-cash working capital	**304,432**	209,105	95,327
	Operating cash flow prior to working capital changes	**$ 497,156**	$ 361,249	$ 135,907
	Property, plant and equipment expenditures	**$ 206,654**	$ 105,313	$ (101,341)
	Intangible assets expenditures	**25,692**	16,515	(9,177)
	Free cash flow	**$ 264,810**	$ 239,421	$ 25,389
	As at October 31,			
	Current assets	**$ 3,285,502**	$ 2,460,270	$ 825,232
	Current liabilities	**1,590,641**	1,184,275	(406,366)
	Current ratio (current assets/current liabilities)	**2.07 x**	2.08 x	(0.01 x)
	Short-term borrowings	**$ 125,138**	$ 61,677	$ (63,461)
[A]	Long-term debt due within one year	**$ 2,406**	$ 2,295	$ (111)
[A]	Long-term debt	**1,085,680**	896,834	(188,846)
[B]	Total debt	**$ 1,213,224**	$ 960,806	$ (252,418)
[C]	Cash and cash equivalents	**$ 298,060**	$ 154,793	$ 143,267
	Total debt, net of cash and cash equivalents	**$ 915,164**	$ 806,013	$ (109,151)
[D]	Total equity	**$ 4,037,795**	$ 3,710,263	$ 327,532
[E]	Total capital [B + D]	**$ 5,251,019**	$ 4,671,069	$ 579,950
	Debt-to-total capital [B]/[E]	**23.1%**	20.6%	(2.5 pt)
	Long-term debt-to-total capital [A]/[E]	**20.7%**	19.2%	(1.5 pt)

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19. EVALUATION OF CONTROLS AND PROCEDURES

Internal Controls and Procedures

Management, including the President and Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining appropriate internal controls over financial reporting. Management has evaluated the design and effectiveness of Viterra's internal controls over financial reporting (as defined in National Instrument 52-109 of the Canadian Securities Administrators) as of October 31, 2011. In doing so, Management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") framework to evaluate the effectiveness of the Company's internal control over financial reporting. Based on the evaluation of design and operating effectiveness of the Company's internal controls over financial reporting, the President and Chief Executive Officer and the Chief Financial Officer concluded that the Company's internal controls over financial reporting were effective as at October 31, 2011.

It should be noted that all internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

There have been no changes in the Company's internal control over financial reporting that occurred during the period that have materially affected or are reasonably likely to materially affect the Company's internal controls over financial reporting.

20. FORWARD-LOOKING INFORMATION

This MD&A contains certain information that is "forward–looking information", "forward-looking statements" and "future oriented financial information" (collectively herein referred to as "forward-looking statements") within the meaning of applicable securities laws. The words "anticipate", "expect", "believe", "may", "could", "should", "estimate", "plan", "project", "intend", "outlook", "forecast", "likely", "probably" or other similar words are used to identify such forward-looking information. Forward-looking statements in this document are intended to provide Viterra security holders and potential investors with information regarding Viterra and its subsidiaries, including Management's assessment of Viterra's and its subsidiaries' future financial and operational plans and outlook. Forward-looking statements in this document may include, among others, statements regarding future operations and results, anticipated business prospects and financial performance of Viterra and its subsidiaries, expectations or projections about the future, strategies and goals for growth, expected and future cash flows, costs, planned capital expenditures, anticipated capital projects, construction and completion dates, operating and financial results, critical accounting estimates and expected impact of future commitments and contingent liabilities. All forward-looking statements reflect Viterra's beliefs and assumptions based on information available at the time the statements were made. Actual results or events may differ from those predicted in these forward-looking statements. All of the Company's forward-looking statements are qualified by the assumptions that are stated or inherent in such forward-looking statements, including the assumptions listed below. Although Viterra believes that these assumptions are reasonable, this list is not exhaustive of factors that may affect any of the forward-looking statements. The key assumptions that have been made in connection with the forward-looking statements include the following:

- litigation against the federal government regarding the amendment and repeal of the *Canadian Wheat Board Act* is resolved in favour of the Government of Canada and there is no delay in the implementation of the amendments,
- western Canadian and southern Australian crop production and quality in 2011 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,

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- 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 agri-products and feed product purchases,
- ability of the railways to ship grain to port facilities for export without labour or other service disruptions,
- demand for oat, pasta, 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,
- cyclicality 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,
- 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. Factors that could cause actual results or events to differ materially from current expectations include, among others, risks related to weather, politics and governments, changes in environmental and other laws and regulations, competitive factors in agricultural, food processing and feed sectors, construction and completion of capital projects, labour, equipment and material costs, access to capital markets, interest and currency exchange rates, technological developments, global and local economic conditions, the ability of Viterra to successfully implement its strategic initiatives and whether such strategic initiatives will yield the expected benefits, the operating performance of the Company's assets, the availability and price of commodities and regulatory environment, processes and decisions. By its nature, forward-looking information is subject to various risks and uncertainties, including those risks discussed in the Risks and Risk Management sections in this MD&A, and in the "Canadian Regulation" and "Environmental and Sustainability Matters" sections in the Company's Annual Information Form, any of which could cause Viterra's actual results and experience to differ materially from the anticipated results or expectations expressed. Additional information on these and other factors is available in the reports filed by Viterra with Canadian and Australian securities regulators. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date it is expressed in this MD&A or otherwise, and not to use future-oriented information or financial outlooks for anything other than their intended purpose. Viterra undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

21. ADDITIONAL INFORMATION

Additional information about Viterra, including its most recent Annual Information Form, can be found on the Company's website at www.viterra.com and under the Company's profile on SEDAR at www.sedar.com.

Independent Auditor's Report to the Shareholders of Viterra Inc.

We have audited the accompanying consolidated financial statements of Viterra Inc. which comprise the consolidated balance sheets as at October 31, 2011 and 2010 and the consolidated statements of earnings, comprehensive income, shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Viterra Inc. as at October 31, 2011 and 2010 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants

Regina, Saskatchewan
January 18, 2012

Management's Responsibility for Financial Statements

The management of Viterra Inc. is responsible for the preparation, integrity and fair presentation of the consolidated financial statements and management's discussion and analysis. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and necessarily include amounts based on management's informed judgments and estimates. Financial information contained in management's discussion and analysis is consistent with the consolidated financial statements.

To assist management in fulfilling its responsibilities, a system of internal accounting controls has been established to provide reasonable assurance that the consolidated financial statements are accurate and reliable and that assets are safeguarded. An internal audit function evaluates the effectiveness of internal controls and reports its findings to management and the Audit Committee of the Board of Directors.

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control systems. The Audit Committee is composed of independent directors who are not employees of the Company. The Audit Committee is responsible for reviewing the consolidated financial statements and management's discussion and analysis and recommending them to the Board of Directors for approval. To discharge its duties the Audit Committee meets regularly with management, internal audit and Deloitte & Touche LLP to discuss internal controls, accounting and financial reporting processes, audit plans and financial matters. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements for issuance to the shareholders.

Deloitte & Touche LLP is responsible for auditing the consolidated financial statements and expressing their opinion thereon and their report is presented separately. The external auditors have full and free access to, and meet regularly with, management and the Audit Committee.

Mayo M. Schmidt
President and Chief Executive Officer

Rex McLennan
Chief Financial Officer

January 18, 2012

Consolidated Balance Sheets

(in thousands of Canadian dollars)

As at October 31,	**2011**	2010
ASSETS		
Current Assets		
Cash	**106,296**	66,589
Short-term investments	**191,764**	88,204
Accounts receivable (Note 7)	**1,277,739**	955,885
Inventories (Note 8)	**1,568,410**	1,211,887
Prepaid expenses and deposits	**111,934**	107,638
Future income taxes (Note 5)	**29,359**	30,067
	3,285,502	2,460,270
Property, Plant and Equipment (Note 9)	**2,613,032**	2,491,047
Other Long-Term Assets (Note 10)	**170,541**	168,190
Intangible Assets (Note 11)	**156,752**	154,915
Goodwill (Note 12)	**775,198**	772,233
Future Income Taxes (Note 5)	**11,606**	25,010
	7,012,631	6,071,665
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings (Note 13)	**125,138**	61,677
Accounts payable and accrued liabilities (Note 14)	**1,462,975**	1,119,912
Long-term debt due within one year (Note 15)	**2,406**	2,295
Future income taxes (Note 5)	**122**	391
	1,590,641	1,184,275
Long-Term Debt (Note 15)	**1,085,680**	896,834
Other Long-Term Liabilities (Note 16)	**94,518**	78,713
Future Income Taxes (Note 5)	**203,997**	201,580
	2,974,836	2,361,402
Commitments, guarantees and contingencies (Notes 25, 26, 27)		
Shareholders' Equity		
Share capital (Note 19)	**3,026,711**	3,025,491
Contributed surplus	**9,053**	6,567
	3,035,764	3,032,058
Retained earnings	**799,258**	571,013
Accumulated other comprehensive income (Note 20)	**202,773**	107,192
	1,002,031	678,205
	4,037,795	3,710,263
	7,012,631	6,071,665

See accompanying notes

On behalf of the Board of Directors

Thomas Birks
Director

Thomas Chambers
Director

Consolidated Statements of Earnings

(in thousands of Canadian dollars, except per share amounts)

Years Ended October 31,	**2011**	2010
Sales and other operating revenues	**11,790,458**	8,256,280
Cost of sales	**10,242,139**	6,997,713
Gross profit and net operating revenues	**1,548,319**	1,258,567
Operating, general and administrative expenses	**846,413**	740,984
	701,906	517,583
Amortization	**205,536**	192,676
Goodwill impairment (Note 12)	**7,681**	–
	488,689	324,907
Loss (gain) on disposal of assets	**289**	(7,778)
Integration expenses	**4,601**	5,449
Net foreign exchange loss on acquisition	**–**	159
Financing expenses (Note 4)	**115,684**	138,107
	368,115	188,970
Provision for corporate income taxes (Note 5)		
Current	**85,262**	27,722
Future	**17,444**	15,976
Net earnings	**265,409**	145,272
Basic and diluted earnings per share (Note 6)	**0.71**	0.39

See accompanying notes

Consolidated Statements of Comprehensive Income

(in thousands of Canadian dollars)

Years Ended October 31,	**2011**	2010
Net earnings	**265,409**	145,272
Other comprehensive income		
Unrealized gain (loss) on cash flow hedges[(a)]	**7,261**	(20,143)
Reclassification of loss to income on cash flow hedges[(b)]	**4,012**	15,371
Reclassification of loss to income on net investment hedges[(c)]	**1,977**	165
Unrealized gain on available for sale assets[(d)]	**5**	3
Reclassification of gain on dedesignated hedged contracts[(e)]	**–**	(740)
Realized loss on cash flow hedges[(f)]	**(8,315)**	–
Unrealized effect of foreign currency translation of foreign operations	**90,641**	58,320
Other comprehensive income	**95,581**	52,976
Comprehensive income	**360,990**	198,248

(a) net of tax of $2,454 (2010 – ($8,186))

(b) net of tax of $2,004 (2010 – $7,482)

(c) net of tax of $244 (2010 – $68)

(d) net of tax of ($7) (2010 – $nil)

(e) net of tax of $nil (2010 – ($302))

(f) net of tax of ($2,921) (2010 – $nil)

See accompanying notes

Consolidated Statements of Shareholders' Equity

(in thousands of Canadian dollars)

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Retained Earnings	Total Shareholders' Equity
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		3,093			3,093
Other comprehensive income					
Unrealized loss on cash flow hedges[a]			(20,143)		(20,143)
Reclassification of loss to income on cash flow hedges[b]			15,371		15,371
Reclassification of loss on net investment hedges[c]			165		165
Unrealized gain on available for sale assets[d]			3		3
Reclassification of gain on dedesignated hedged contracts[e]			(740)		(740)
Unrealized effect of foreign currency translation of foreign operations			58,320		58,320
Net earnings for the year				145,272	145,272
As at October 31, 2010	**3,025,491**	**6,567**	**107,192**	**571,013**	**3,710,263**
Share capital issued	**1,220**				**1,220**
Options exercised		**(315)**			**(315)**
Stock-based compensation		**2,801**			**2,801**
Other comprehensive income					
Unrealized gain on cash flow hedges[a]			**7,261**		**7,261**
Reclassification of loss to income on cash flow hedges[b]			**4,012**		**4,012**
Reclassification of loss on net investment hedges[c]			**1,977**		**1,977**
Unrealized gain on available for sale assets[d]			**5**		**5**
Realized loss on cash flow hedges[f]			**(8,315)**		**(8,315)**
Unrealized effect of foreign currency translation of foreign operations			**90,641**		**90,641**
Dividends				**(37,164)**	**(37,164)**
Net earnings for the year				**265,409**	**265,409**
As at October 31, 2011	**3,026,711**	**9,053**	**202,773**	**799,258**	**4,037,795**

[a] net of tax of $2,454 (2010 – ($8,186))

[b] net of tax of $2,004 (2010 – $7,482)

[c] net of tax of $244 (2010 – $68)

[d] net of tax of ($7) (2010 – $nil)

[e] net of tax of $nil (2010 – ($302))

[f] net of tax of ($2,921) (2010 – $nil)

See accompanying notes

Consolidated Statements of Cash Flow

(in thousands of Canadian dollars)

Years Ended October 31,	**2011**	2010
Operating		
Net earnings	**265,409**	145,272
Items not affecting cash		
Amortization	**205,536**	192,676
Goodwill impairment	**7,681**	–
Future income tax provision (Note 5)	**17,444**	15,976
Employee future benefits (Note 18)	**(7,100)**	(4,939)
Non-cash financing expenses (Note 4)	**8,156**	18,069
Loss (gain) on disposal of property, plant and equipment	**289**	(7,778)
Gain on net investment hedge	**(2,457)**	–
Net foreign exchange loss on acquisition	**–**	159
Other	**2,198**	1,814
	497,156	361,249
Changes in non-cash working capital		
Accounts receivable	**(305,954)**	6,916
Inventories	**(404,355)**	(191,842)
Accounts payable and accrued liabilities	**409,219**	(8,437)
Prepaid expenses and deposits	**(3,342)**	(15,742)
Cash from operating activities	**192,724**	152,144
Financing		
Proceeds from long-term debt	**200,525**	409,969
Repayment of long-term debt	**(1,634)**	(826,472)
Proceeds (repayment) of short-term borrowings	**41,805**	(241,022)
Repayment of other long-term liabilities, net	**(304)**	(501)
Increase in share capital (Note 19)	**905**	3
Debt financing costs	**(20,752)**	(22,785)
Dividends paid	**(37,164)**	–
Cash from (used in) financing activities	**183,381**	(680,808)
Investing		
Property, plant and equipment expenditures	**(206,654)**	(105,313)
Proceeds on sale of property, plant and equipment	**4,720**	23,164
Business acquisitions (Note 3)	**(7,830)**	(288,414)
Business divestitures (Note 3)	**–**	30,863
Decrease in investments	**1,428**	206
Net foreign exchange loss on acquisition	**–**	(159)
Increase in other long-term assets	**(354)**	–
Intangible assets expenditures	**(25,692)**	(16,515)
Cash used in investing activities	**(234,382)**	(356,168)
Increase (decrease) in cash and cash equivalents	**141,723**	(884,832)
Cash and cash equivalents, beginning of year	**154,793**	1,033,075
Effect of exchange rate changes on cash and cash equivalents	**1,544**	6,550
Cash and cash equivalents, end of year	**298,060**	154,793
Cash and cash equivalents consist of:		
Cash	**106,296**	66,589
Short-term investments	**191,764**	88,204
	298,060	154,793

Supplemental disclosure of cash paid during the year from operations		
Interest paid	**132,230**	104,641
Income taxes paid	**30,361**	4,424

See accompanying notes

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Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except where otherwise stated)

1. NATURE OF OPERATIONS

Viterra Inc. (the "Company" or "Viterra") is a vertically integrated international agri-business with four reporting segments: Grain Handling and Marketing, Agri-products, Processing and Corporate.

Grain Handling and Marketing operates grain storage and processing facilities strategically located in the prime agricultural growing regions of North America, Australia and New Zealand, port terminal facilities located in Canada and Australia, and additional merchandising offices in Europe and Asia. Revenue is derived from the sale of grain commodities and related ancillary services such as grain handling, blending, cleaning and storage. 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.

Agri-products operates a network of retail locations and fertilizer distribution assets in North America and Australia. The segment also has an ownership interest in a fertilizer manufacturing facility in Canada. Revenue is derived from the sale of fertilizer, crop protection products, seed and seed treatments, equipment, general merchandise, wool, and various financial services. Agri-products' sales peak during the growing season, supplemented by additional crop nutrient sales in the late fall.

Processing operates in North America, Australia, China and New Zealand, manufacturing and marketing value-added food products associated with oats, canola, wheat, and malt barley, as well as feed products. Processing earnings are relatively consistent throughout the year.

Corporate is a non-operating segment for corporate functions.

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

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Preparation of Financial Statements

Viterra's consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All amounts are reported in Canadian dollars unless otherwise indicated.

The consolidated financial statements include the accounts of Viterra Inc., its subsidiaries, and its proportionate share of the accounts of its joint ventures. Investments in companies where Viterra has the ability to exercise significant influence but not control or joint control are accounted for using the equity method. All intercompany transactions and balances have been eliminated.

The Company operates grain pools on behalf of producers and has legal title over the pool stocks. However, the majority of risks and benefits associated with the pools, principally price risk and benefit, together with credit risk, are attributable to producers. As a result, pool stocks and other related balances held by the Company on behalf of producers are not recognized in the Company's consolidated financial statements.

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

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Estimates are based on management's best knowledge of current events and actions the Company may undertake in the future, and are used when accounting for items like collectability of receivables, net realizable value of inventory, estimated useful lives and impairment of property, plant and equipment and intangibles, goodwill impairment testing, fair value of financial assets and liabilities, amount and likelihood of contingencies, income taxes, stock-based compensation, employee future benefits, and the allocation of acquisition purchase prices. Actual results could differ from those estimates.

Foreign Currency Translation

Foreign currency transactions are recorded using the exchange rate in effect at the date of the transaction. Foreign currency monetary transactions are translated to the functional currency of the operations at the exchange rate existing at the reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognized in net earnings except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except where otherwise stated)

Operations determined to be self-sustaining have been translated into Canadian dollars using the current rate method. Exchange gains or losses arising from this translation are deferred and recognized in the currency translation account within accumulated other comprehensive income.

Operations determined to be integrated have been translated into Canadian dollars using the temporal method. Exchange gains or losses arising from this translation are recognized in net earnings.

Revenue Recognition

Revenues are recognized when risks and rewards of ownership have transferred to the customer and the following criteria are met: Persuasive evidence of an arrangement exists; delivery has occurred or services have been rendered; selling price is fixed or determinable; and collection is reasonably assured.

Transactions in which the Company acts as an agent for the Canadian Wheat Board ("CWB") are recorded on a net basis with only the amount of the CWB tariff included in revenue.

Cost of Sales

Grain Handling and Marketing cost of sales includes net realized and unrealized gains and losses on commodity contracts and exchange-traded derivatives.

Amortization of property, plant and equipment related to manufacturing assets is reclassified from cost of sales to amortization for statement of earnings presentation.

Cash and Cash Equivalents

Cash and cash equivalents include cash and short-term investments. Short-term investments are highly liquid investments with an original maturity of less than three months.

Cash and cash equivalents within joint ventures may not be immediately available to the Company as those funds are held by the joint ventures and not by the Company directly.

Accounts Receivable and Allowance for Doubtful Accounts

Management evaluates collectability of customer receivables depending on the customer and the nature of the sale. Collectability of receivables is reviewed and the allowance for doubtful accounts is adjusted quarterly. Account balances are provided for in net earnings when management determines that it is probable that the receivable will not be collected.

Inventories

Grain Handling and Marketing inventories are considered held for trading and are measured at their fair value less handling costs and any applicable freight, with changes to fair value recognized in cost of sales.

Agri-products inventories include product purchased for resale, manufactured fertilizer, and wool. Seed, proprietary seed, farm equipment, crop protection products, and fertilizer purchased for resale, are valued at the lower of cost determined on a first-in first-out basis and net realizable value. Cost includes the cost of product plus freight. Manufactured fertilizer is measured on a lower of cost determined on a first-in first-out basis and net realizable value. Cost for manufactured fertilizer includes both direct and indirect production costs and freight. Wool inventories are considered held for trading, and are measured at their fair value less estimated costs to sell with changes in their fair value recognized in cost of sales.

Processing inventories consist primarily of raw materials, work in progress, and finished goods related to food and feed products. Food inventories are measured at the lower of cost determined on a weighted average basis and net realizable value. Cost includes both direct and indirect manufacturing costs. Feed inventories are measured using the lower of standard costs, with under or over recovery on standard costs charged to cost of sales, and net realizable value.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except where otherwise stated)

Corporate Income Taxes

The Company follows the liability method of tax allocation in accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on tax loss carry forwards and temporary differences between the financial reporting and tax bases of assets and liabilities, and measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. The effect on future income tax assets and liabilities of a change in tax rates is recognized in net earnings in the period in which the tax rates became substantively enacted. A future tax asset would be recognized only to the extent that it is more likely than not to be realized. Income taxes are recognized in net earnings except to the extent that they relate to items recognized directly in other comprehensive income or equity, in which case the tax is recognized in other comprehensive income or equity.

Financing Costs

Costs incurred to obtain revolving credit are amortized on a straight-line basis over the term of the credit agreement. The costs are included in prepaid expenses and deposits and other long-term assets and the related amortization is included in financing expenses.

Financing costs related to borrowings where there is a fixed principal owing are included in current liabilities and long-term debt and amortized using the effective interest method, with amortization included in financing expenses.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated amortization and impairment. Cost includes borrowing costs capitalized on major construction projects.

Amortization is provided for property, plant and equipment, excluding land and assets under construction, over their estimated useful lives using the straight-line method. The rates used are as follows:

Site and leasehold improvements	3-20%
Buildings	2-10%
Machinery and equipment	5-33%

Intangible Assets

Intangible assets are recorded at cost less accumulated amortization and impairment.

Amortization is provided for intangible assets, excluding indefinite lived intangibles, over their estimated useful lives using the straight-line method. The rates used are as follows:

Software	3-10 years
Customer relationships	10-20 years
Licences and trademarks	3-13 years
Rail contracts	4 years
Other	1-3 years

Indefinite lived assets are tested for impairment on an annual basis, or more often should events or circumstances indicate possible impairment. Any excess of the carrying value over the fair value of an indefinite lived asset is expensed as an impairment loss in net earnings.

Impairment of Long-Lived Assets

The Company reviews the carrying value of long-lived assets whenever there is an event or change in circumstance that indicates impairment in the carrying value or estimated useful life of the asset. If impairment has occurred, the excess of the carrying value over the fair value is included in amortization in net earnings. When there is a change in the estimated useful life of a long-lived asset, amortization for the asset is adjusted prospectively.

Goodwill

Goodwill represents the excess of the purchase price over the fair values assigned to identifiable net assets on a business acquisition. Goodwill is assigned to the operating unit expected to benefit from the acquisition. Goodwill is not amortized.

The Company assesses impairment of goodwill on an annual basis, or more often should events or circumstances warrant. Should the carrying value of the operating unit to which goodwill has been assigned exceed its fair value, an amount equal to the excess of the carrying value over fair value would be expensed as an impairment loss in net earnings.

Notes to the Consolidated Financial Statements

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Stock-Based Compensation Plans

The Company's restricted share unit, performance share unit, and deferred share unit stock-based compensation plans are considered to be cash-settled plans and are recorded as liabilities. Stock-based compensation expense is accrued, on a straight-line basis, over the vesting period of the units and remeasured to fair value at each reporting period, until settlement, using the quoted market value.

The Company's key employee share unit and management stock option stock-based compensation plans are equity-settled and are measured at their fair value at the date of grant using the Black-Scholes option pricing model. The fair value is recognized as an expense on a straight-line basis over the vesting period of the share units or options granted with a corresponding increase to contributed surplus. Upon redemption of the share unit or exercise of the option, amounts recorded in contributed surplus are transferred to share capital.

Employee Future Benefits

Viterra maintains both funded and unfunded defined benefit pension plans, as well as defined contribution pension plans, for employees. In addition, the Company has a closed retirement allowance benefit plan for eligible employees who receive a lump-sum payment upon retirement based on a formula comprising years of service and salary in effect at retirement. The Company also provides other future benefits, largely in respect of extended health and dental plans and life insurance, to eligible employees upon retirement. The cost of all future benefits is accrued in the year in which the employee services are rendered based on actuarial valuations.

The actuarial determination of the accrued benefit obligations for pensions, pension expense, and other retirement benefits uses the projected benefit method pro-rated on service, which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors. For the purpose of calculating the expected return on plan assets, those assets are valued at fair value. Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment. The excess of the net unamortized actuarial gain or loss over 10% of the greater of the accrued benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees expected to receive benefits under the benefit plan.

The Company contributes to a multi-employer defined benefit pension plan, which is accounted for as a defined contribution plan as the Company has insufficient information to apply defined benefit plan accounting.

Environmental Costs and Asset Retirement Obligations

Environmental costs that relate to current operations are expensed or capitalized as appropriate. Environmental costs are capitalized if the costs extend the life of the property, increase its capacity, or mitigate or prevent contamination from future operations. Costs that relate to existing conditions caused by past operations and that do not contribute to current or future revenue generation are expensed. Provisions for estimated costs are recorded when environmental remedial efforts are likely and the costs can be reasonably estimated. In determining the provisions, the Company uses the most current information available, including similar past experiences, available technology, regulations in effect, the timing of remediation and cost-sharing arrangements.

The Company recognizes its obligations to retire certain tangible long-lived assets. The fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred or when a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and then amortized over its estimated useful life. In subsequent periods, the asset retirement obligation is adjusted for the passage of time, and any changes in the amount or timing of the underlying future cash flows are adjusted through net earnings. A gain or loss may be incurred upon settlement of the liability.

Financial Instruments

Financial assets and financial liabilities ("financial instruments") are initially recognized at fair value, which is equal to cost plus directly attributable transaction costs, as applicable. Transaction costs related to financial instruments, other than those financial instruments held for trading, adjust the carrying amount of the underlying instrument. These costs are then amortized over the financial instrument's remaining expected life using the effective interest method and are included as part of financing expenses. Transaction costs related to financial instruments classified as held for trading are expensed as incurred.

Regular way purchases and sales of financial assets are recognized and derecognized on a settlement date basis. Regular way purchases or sales are those purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Notes to the Consolidated Financial Statements

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Financial instruments include derivatives and embedded derivatives that are not designated as hedges which are initially recognized at fair value and remeasured to their fair value at each reporting date. The change in fair value of derivatives, including embedded derivatives, that are designated as either cash flow hedges or hedges of net investment in self-sustaining foreign operations, are recognized in net earnings depending on the nature of the hedge relationship.

Subsequent to initial recognition, financial instruments are classified and measured at each reporting date as follows:

Assets Available for Sale

Financial instruments classified as available for sale are measured at fair value, with unrealized gains or losses recognized in other comprehensive income until the financial instrument is disposed of or impaired, at which time it is recognized in net earnings.

Equity and other investments classified as available for sale that do not have an active trading market are measured at cost.

Assets or Liabilities Held for Trading

Financial instruments purchased and incurred with the intention of generating profits in the near term are classified as held for trading and measured at fair value with unrealized gains or losses recognized in net earnings. The Company designates some held for trading financial instruments as cash flow hedges, and these instruments are measured and recognized using hedge accounting.

Loans and Receivables

Loans and receivables are measured at amortized cost using the effective interest method.

Other Financial Liabilities

Other financial liabilities, which include long-term debt and some other long-term liabilities, are measured at amortized cost using the effective interest method.

Fair Value

Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. Fair value of financial instruments, including derivative instruments, takes into account the Company's own credit risk and the credit risk of the counterparties. The measurements are subjective in nature, involve uncertainties, and are a matter of significant judgment. For those financial instruments where fair value is recognized in the balance sheet, the methods and assumptions used to develop fair value measurements have been prioritized into three levels as per the fair value hierarchy included in GAAP:

- Level 1 includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 includes inputs that are observable other than quoted prices included in Level 1.
- Level 3 includes inputs that are not based on observable market data.

The following summarizes the methods and assumptions used in estimating the fair value of the Company's financial instruments where measurement is required:

- The fair value of short-term financial instruments approximates their carrying amounts due to the relatively short period to maturity. These include cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities.
- Investments classified as available for sale with an active trading market are recorded at their fair value based on closing market quotations and are considered Level 1.
- The fair value of exchange-traded derivatives and securities is based on closing market quotations and is considered Level 1.
- The fair value of commodity forward contracts is estimated based on exchange-quoted prices adjusted for differences in local markets. The adjustments are generally determined using inputs from broker or dealer quotations or market transactions in either the listed or over the counter ("OTC") markets. Observable inputs are generally available for the full term of the contract and are considered Level 2.
- The fair value of foreign exchange forward contracts (OTC), natural gas swaps and cross-currency swaps is estimated using observable prices for similar instruments in active markets and is considered Level 2.
- The fair value of bond forward contracts is estimated by discounting net cash flows of the contracts using forward interest rates for Government of Canada bonds of the same remaining maturity. The methods and assumptions used are considered Level 2.

Notes to the Consolidated Financial Statements

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- The fair value of long-term debt with fixed interest rates is estimated by discounting the expected future cash flows using the risk-free interest rate on an instrument with similar terms adjusted for an appropriate risk premium for the Company's credit profile.
- When financial instruments lack an available trading market, fair value is determined using management's estimates and is calculated using market factors for instruments with similar characteristics and risk profiles. The methods and assumptions used in these limited cases would be assessed for significance and may be disclosed as Level 3.

Hedge Accounting

The Company uses hedge accounting to match the cash flows of some of its processed products to be sold in foreign funds with its foreign currency hedging instruments. Under hedge accounting, the effective portion of the change in the fair value of the hedging instrument is recognized in other comprehensive income, while the ineffective portion is recognized immediately in cost of goods sold. Upon maturity of the derivative instrument, the effective gains and losses previously recognized in other comprehensive income are recorded in net earnings as a component of cost of goods sold in the same period the related hedged sales are recorded in net earnings.

The Company uses hedge accounting for the foreign exchange swaps, cross-currency swaps and foreign denominated debt used to hedge portions of net investments in self-sustaining foreign operations. The effective portions of the hedges are recognized in other comprehensive income while any ineffective portion is recognized immediately in operating, general and administrative expenses. Gains and losses relating to the effective portions of the hedges are reclassified to net earnings when there is a reduction in the net investment in self-sustaining foreign operations.

The Company has applied hedge accounting for bond forward contracts. The effective portion of changes in the fair value of the bond forward contracts is recognized in other comprehensive income while any ineffective portion is recognized immediately in financing expenses. Gains and losses relating to the effective portion of the hedge are amortized with interest expense over the term of the debt.

Future Accounting Changes – International Financial Reporting Standards

The Canadian Institute of Chartered Accountants Accounting Standards Board requires public companies to adopt International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011 with comparative figures presented in accordance with IFRS. Accordingly, the annual and quarterly financial reporting for Viterra for the year ending October 31, 2012 will be first reported under IFRS, and the Company's transition date is November 1, 2010 with a reporting conversion date commencing as of November 1, 2011.

3. BUSINESS ACQUISITIONS AND DIVESTITURES

Fiscal 2011

On June 20, 2011, the Company purchased a pulse processing plant for total consideration of $8 million. The net assets, including goodwill, are included in the Grain Handling and Marketing reporting segment. Goodwill of $1 million is deductible for tax purposes. The results of the operations are included in the Company's consolidated financial statements commencing from the date of acquisition.

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Fiscal 2010

Dakota Growers

On May 5, 2010, the Company acquired all of the issued and outstanding common shares of Dakota Growers Pasta Company, Inc. ("Dakota Growers"), a leading producer and marketer of dry pasta products in North America. The results of operations and net assets of Dakota Growers, including goodwill of $112 million, are included in the Company's consolidated financial statements as part of the Processing reporting segment. The acquisition was accounted for using the purchase method and the purchase price allocation was completed in the third quarter of 2011, with no material adjustment to the preliminary allocation.

Net Assets Acquired at Fair Value	
Current assets	63,109
Property, plant and equipment	94,756
Intangible assets	31,820
Indefinite lived intangible assets	3,178
Goodwill	112,390
Other long-term assets	1,644
Future income tax liabilities, net	(36,749)
Current liabilities	(23,438)
Long-term debt	(21,739)
	224,971

21st Century

On August 17, 2010, the Company acquired 21C Holdings, L.P. ("21st Century"), a U.S. based processor of oats, wheat and custom-coated grains. The results of operations and net assets of 21st Century, including goodwill of $12 million, are included in the Company's consolidated financial statements as part of the Processing reporting segment. The acquisition was accounted for using the purchase method and the purchase price allocation was completed in the fourth quarter of 2011, with no material adjustment to the preliminary allocation.

Net Assets Acquired at Fair Value	
Current assets	36,773
Property, plant and equipment	56,564
Intangible assets	6,602
Goodwill	12,328
Other long-term assets	391
Current liabilities	(20,156)
Long-term debt	(20,614)
	71,888

Notes to the Consolidated Financial Statements

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Other

During the year ended October 31, 2010, the Company purchased certain agri-products retail assets for total consideration of $6 million. The net assets, including goodwill of $2 million, were included in the Agri-products reporting segment. Goodwill of $2 million was deductible for tax purposes.

Divestitures

During the year ended October 31, 2010, the Company sold two joint venture interests acquired in the ABB Grain Ltd. ("ABB") acquisition for $31 million, which included $23 million of shareholder loan repayments. There was no gain or loss recorded on the disposals. The joint ventures were proportionately consolidated within the Grain Handling and Marketing reporting segment prior to disposal.

4. FINANCING EXPENSES

	2011	2010
Interest expense on long-term debt	**74,447**	79,603
Interest expense on short-term debt	**40,785**	33,320
Interest income	**(3,086)**	(7,629)
CWB carrying charge recovery	**(2,161)**	(1,693)
Cash interest, net (Note 28)	**109,985**	103,601
Net investment hedge (Note 24)	**(2,457)**	–
Interest accretion	**2,931**	2,744
Amortization of financing costs	**5,225**	6,882
Refinancing costs	**–**	24,880
	115,684	138,107

5. CORPORATE INCOME TAXES

Provision for Corporate Income Taxes	2011	2010
Current		
Canada	**46,077**	17,565
International	**39,185**	10,157
	85,262	27,722
Future		
Canada	**8,529**	4,526
International	**8,915**	11,450
	17,444	15,976
	102,706	43,698

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except where otherwise stated)

Major Factors that Caused Variations from the Expected Combined Statutory Income Tax Rates	2011	2010
Earnings before corporate income taxes	**368,115**	188,970
Combined Canadian statutory rate	**27.03%**	29.03%
Pre-tax accounting income at combined Canadian statutory income tax rate	**99,501**	54,858
Effect of foreign income tax rates differing from Canadian income tax rates	**2,697**	(611)
Change in effective tax rate on future income taxes	**(10)**	(1,105)
Permanent differences	**5,240**	4,392
Change in estimate of tax accruals	**(553)**	490
Non-taxable portion of capital gain	**(121)**	(729)
Non-recoverable withholding taxes	**3,253**	2,848
Reversal of valuation allowance	**–**	(6,504)
Future tax asset not recognized	**6,824**	3,944
Deductions available for tax in excess of accounting	**(14,138)**	(11,965)
Non-taxable income	**–**	(1,925)
Other	**13**	5
	102,706	43,698

Significant Components of Future Income Taxes	2011	2010
Future income tax assets		
Losses available for carry forward	**5,221**	36,129
Refinancing and restructuring costs not currently deducted for tax	**3,609**	14,773
Accrued expenses not currently deductible for tax	**50,448**	43,388
Undepreciated capital cost in excess of net book value	**3,353**	2,453
Reclamation costs not currently deducted for tax	**4,950**	4,362
Other	**1,910**	151
Total future income tax assets	**69,491**	101,256
Future income tax liabilities		
Net book value in excess of undepreciated capital cost	**193,571**	195,841
Deferred pension assets	**30,847**	27,048
Income not currently taxable	**4,086**	23,452
Research and development costs not deducted for accounting	**218**	238
Other	**3,923**	1,571
Total future income tax liabilities	**232,645**	248,150
Net future income tax liability	**(163,154)**	(146,894)
Current future income tax assets	**29,359**	30,067
Long-term future income tax assets	**11,606**	25,010
Current future income tax liabilities	**(122)**	(391)
Long-term future income tax liabilities	**(203,997)**	(201,580)
	(163,154)	(146,894)

No future tax asset has been recognized for the temporary difference related to goodwill and intangibles arising from the acquisition of ABB, an Australian agri-business. This temporary difference of $162 million is not expected to be deductible for tax purposes.

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As at October 31, 2011, the Company had consolidated non-capital loss carry forwards for income tax purposes of $65 million. No future tax benefit has been recognized for $47 million of these losses. The expiry dates associated with the losses available for carry forward are:

2016	1,626
2017	7,202
2018	25,408
2021	419
2022	139
2023	174
2024	108
2025	33
2029	195
2030	58
2031	81
No expiry	29,922
	65,365

The Company also has capital loss carry forwards of $15 million that can only be used to offset capital gains in future periods. No future tax benefit has been recognized for these capital losses.

6. EARNINGS PER SHARE

	2011	2010
Net earnings	**265,409**	145,272
Weighted average number of shares outstanding	**371,665**	371,597
Basic earnings per share[(a)]	**0.71**	0.39
Weighted average number of shares outstanding	**371,665**	371,597
Dilutive effect of stock options	**698**	6
Weighted average number of shares outstanding, assuming dilution	**372,363**	371,603
Diluted earnings per share[(a)]	**0.71**	0.39

[(a)] Earnings per share not in thousands.

7. ACCOUNTS RECEIVABLE

	2011	2010
Trade receivables	**798,317**	471,949
Allowance for doubtful accounts	**(9,943)**	(9,907)
CWB	**189,996**	77,700
Derivatives	**154,481**	217,282
Other receivables	**144,888**	198,861
	1,277,739	955,885

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except where otherwise stated)

8. INVENTORIES

	2011	2010
Inventories held for trading at fair value		
Grain Handling and Marketing	**896,018**	724,157
Agri-products	**103,290**	61,369
	999,308	785,526
Inventories at cost		
Agri-products		
Product purchased for resale[a]	**401,055**	321,993
Finished goods[b]	**2,819**	2,591
Processing		
Raw materials and supplies	**76,523**	40,393
Work in progress	**15,394**	14,366
Finished goods[b]	**73,311**	47,018
	569,102	426,361
	1,568,410	1,211,887

[a] Write-downs related to inventories at October 31, 2011 of $4 million (2010 – $1 million) have been included in cost of sales.

[b] Amortization of $55 million for the year ended October 31, 2011 (2010 – $49 million) related to the manufacture of inventories that have now been sold is included in amortization expense.

9. PROPERTY, PLANT AND EQUIPMENT

	2011	**Accumulated Amortization 2011**	2010	Accumulated Amortization 2010
Land	**148,270**		143,516	
Site and leasehold improvements	**134,688**	**21,635**	97,119	16,091
Buildings	**790,811**	**144,737**	758,340	110,626
Machinery and equipment	**2,003,774**	**468,841**	1,869,968	342,221
Assets under construction[a]	**170,702**		91,042	
	3,248,245	**635,213**	2,959,985	468,938
Accumulated amortization[b]	**(635,213)**		(468,938)	
Net book value	**2,613,032**		2,491,047	

[a] Capitalized borrowing costs for the year ended October 31, 2011 were $5 million (2010 – $2 million).

[b] Amortization of property, plant and equipment for the year ended October 31, 2011 was $179 million (2010 – $171 million).

Management is performing a strategic review of certain assets and is considering the disposition of approximately $85 million of property, plant and equipment. As the review was still in progress as of the date of the balance sheet, the assets were not classified as held for sale.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except where otherwise stated)

10. OTHER LONG-TERM ASSETS

	2011	**Accumulated Amortization 2011**	2010	Accumulated Amortization 2010
Pension (Note 18)	**122,403**		106,986	
Financing costs	**18,835**	**7,809**	10,651	2,430
Long-term receivables	**9,625**	**67**	7,986	57
Long-term derivatives	**21,297**		35,393	
Equity investments	**7**		6	
Available for sale – fair value	**25**		28	
Available for sale – cost[a]	**6,225**		9,627	
	178,417	**7,876**	170,677	2,487
Accumulated amortization[b]	**(7,876)**		(2,487)	
Net book value	**170,541**		168,190	

[a] Included in available for sale investments at cost is the Company's investment in Prince Rupert Grain Terminal ("PRG"). Through a co-tenancy arrangement, the Company has an undivided interest, which fluctuates based on usage, in PRG. The Company's non-controlling interest in PRG is recorded at a minimal amount since the value of the debt exceeds the depreciated value of the terminal. At October 31, 2011, PRG had approximately $283 million in loans due to a third party (2010 – $288 million). The loans mature in 2015 ($169 million) and 2035 ($114 million) (2010 – $174 million and $114 million, respectively) and are secured by the terminal without recourse to the co-tenants' members.

[b] Amortization of financing costs of $5 million (2010 – $7 million) and a write-off of financing fees of $nil (2010 – $2 million) due to retirement of debt are included in financing expenses (Note 4).

11. INTANGIBLE ASSETS

	2011	**Accumulated Amortization 2011**	2010	Accumulated Amortization 2010
Indefinite lived trademarks[a]	**3,090**		3,163	
Software	**73,469**	**29,011**	52,078	16,800
Customer relationships	**111,382**	**21,453**	102,002	8,411
Licences and trademarks	**25,175**	**10,921**	22,788	8,175
Other	**7,818**	**2,797**	11,167	2,897
	220,934	**64,182**	191,198	36,283
Accumulated amortization[b]	**(64,182)**		(36,283)	
Net book value	**156,752**		154,915	

[a] The Company completed its annual test of impairment of indefinite lived trademarks during the fourth quarter of 2011 and determined that there was no impairment.

[b] Amortization of intangible assets for the year ended October 31, 2011 was $27 million (2010 – $22 million).

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12. GOODWILL

	2011	2010
Balance, beginning of the year	**772,233**	699,974
Acquired during the year	**1,200**	126,722
Purchase price allocation adjustments	**–**	(59,283)
Impairment write-down[a]	**(7,681)**	–
Foreign currency translation	**9,446**	4,820
Balance, end of year	**775,198**	772,233

[a] The Company completed its annual test for impairment of goodwill during the fourth quarter of 2011 and it was determined that the goodwill of the Canadian feed operation was impaired by $8 million. This impairment reflects weaker market conditions and operational performance within the Canadian feed operations than previously expected. The impairment charge impacted the Company's Canadian geographic results and was recorded in the Company's Processing reporting segment.

13. SHORT-TERM BORROWINGS

	2011	2010
Global credit facility[a]	**–**	51,116
Trade facility agreements and other short-term borrowings[b]	**125,138**	10,561
	125,138	61,677

[a] The Company has an unsecured revolving credit facility ("Global Credit Facility") through a syndicate of financial institutions. The facility is available in Canadian dollars ("CAD"), Australian dollars ("AUD"), United States dollars ("USD"), Euros ("EUR") and New Zealand dollars ("NZD"), at LIBOR plus a margin of 1.85%. The margin is based on the Company's current credit rating. The Company has the right to increase the facility by up to $400 million, subject to sufficient existing and/or new lenders agreeing to provide commitments for such increase. The Global Credit Facility, which includes sub-tranches of $1.2 billion in Canada and $850 million in Australia, was effective May 18, 2010, amended September 26, 2011, and expires September 25, 2015.

At October 31, 2011, drawings were $nil on the Canadian tranche (2010 – $nil) and $nil on the Australian tranche (2010 – $66 million NZD).

[b] Certain subsidiaries and joint ventures have entered into trade facility agreements and other short-term borrowings with financial institutions to facilitate financing of international trade in agricultural commodities. These trade facilities are available to subsidiaries and joint ventures on an uncommitted basis and any drawings are secured by inventories and the proceeds from the sale of the inventories.

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2011	2010
Trade payables	**933,269**	621,674
Accrued liabilities	**183,776**	144,119
Derivatives	**134,928**	193,572
Employee related	**105,971**	85,617
Asset retirement obligation – current	**17,941**	13,646
Miscellaneous	**17,692**	20,715
Customer prepayments	**29,546**	29,092
Tax payable	**39,852**	11,477
	1,462,975	1,119,912

Notes to the Consolidated Financial Statements

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15. LONG-TERM DEBT

	2011	2010
Senior Unsecured Notes[a]		
Series 2011-1 Notes	**200,000**	–
Series 2010-1 Notes	**398,680**	408,080
Series 2009-1 Notes	**300,000**	300,000
Series 2007-1 Notes	**200,000**	200,000
Members' term loans	**617**	1,114
	1,099,297	909,194
Subsidiaries' and proportionate share of joint ventures' debt[b]	**5,515**	5,669
	1,104,812	914,863
Less unamortized debt costs	**16,726**	15,734
Total long-term debt	**1,088,086**	899,129
Less portion due within one year		
Members' term loans	**429**	497
Subsidiaries' and proportionate share of joint ventures' debt[b]	**1,977**	1,798
Long-term debt due within one year	**2,406**	2,295
Long-term debt due in excess of one year	**1,085,680**	896,834

[a] **Senior Unsecured Notes**

Terms[1]		**Series 2011-1**	**Series 2010-1**	**Series 2009-1**	**Series 2007-1**
Issue date		February 15, 2011	August 4, 2010	July 7, 2009	August 1, 2007
Principal amount		$200,000	$400,000 USD	$300,000	$200,000
Interest rate		6.41%	5.95%	8.5%	8.5%
Maturity date		February 16, 2021	August 1, 2020	July 7, 2014	August 1, 2017
Effective interest rate		7.45%	6.19%	9.05%	8.85%
Redemption price[2]					
Optional redemption, prior to		February 16, 2021	August 1, 2020	July 7, 2012	August 1, 2012
With net proceeds of public equity offering[3]		n/a	n/a	108.5%	108.5%
With all other proceeds		See footnote[4]	See footnote[4]	See footnote[5]	See footnote[5]
Optional redemption, on or after		n/a	n/a	July 7, 2012	August 1, 2012
	2012	n/a	n/a	102.13%	104.25%
	2013	n/a	n/a	100.00%	103.19%
	2014	n/a	n/a	–	102.13%
	2015	n/a	n/a	–	101.06%
	2016	n/a	n/a	–	100.00%

[1] The Senior Unsecured Notes, Global Credit Facility and Member Term Loans are unsecured and rank *pari passu* with each other.

[2] Expressed as percentage of principal amount at maturity.

[3] For Series 2007-1 and Series 2009-1, redemption limited to no more than 35% of aggregate principal amount of each series.

[4] The Series 2011-1 and 2010-1 Notes may be redeemed prior to maturity at the Company's option in whole or in part at any time at a redemption price equal to the greater of 100% of the principal amount to be redeemed or a "make-whole" redemption price, in either case, plus accrued and unpaid interest.

[5] For Series 2007-1 and 2009-1, when redeeming notes without proceeds received from one or more public equity offerings, the redemption price is 100% of principal amount thereof plus Applicable Redemption Premium as defined in the corresponding Supplemental Trust Indenture Agreement between the Company and BNY Trust Company.

On February 15, 2011, the Company issued $200 million of Senior Unsecured Notes with a maturity date of February 16, 2021 and a yield of 6.41%. The Notes were issued pursuant to the Company's $500 million short form base shelf prospectus dated August 6, 2010 and a prospectus supplement dated February 10, 2011. Proceeds from these Notes were used to partially repay drawings on the Company's Global Credit Facility and for general corporate purposes.

[b] **Subsidiaries' and Proportionate Share of Joint Ventures' Debt**
Subsidiaries' and the proportionate share of joint ventures' borrowings bear interest at fixed and variable rates. The weighted average interest rate of subsidiaries' and the proportionate share of joint ventures' borrowings is 6.1% (2010 – 5.5%) based on the face value of the debt instrument. The debt matures in 2012 to 2020.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except where otherwise stated)

16. OTHER LONG-TERM LIABILITIES

	2011	2010
Asset retirement obligations[(a)]	**46,215**	16,030
Stock-based compensation plans (Note 17)	**12,339**	8,246
Other employee future benefits (Note 18)	**14,222**	14,044
Pension (Note 18)	**3,323**	3,347
Contributions in aid of construction[(b)]	**6,197**	6,502
Grain handling agreements	**4,301**	2,000
Long-term derivatives	**5,274**	27,362
Other	**2,647**	1,182
	94,518	78,713

(a) 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 October 31, 2011, the Company estimated that the undiscounted cash flow required to settle the asset retirement obligations was approximately $129 million (2010 – $39 million), which is expected to be settled over the period from 2012 through 2028. The credit-adjusted risk-free rates at which the estimated cash flows have been discounted range from 4% to 8%. At October 31, 2011, the aggregate carrying amounts, including the short-term portions of the asset retirement obligations, was $61 million (2010 – $26 million). The increase is a result of liabilities of $36 million accrued in the year for site restoration and reclamation costs relating to closed facilities and current leases as well as accretion expense of $1 million, partially offset by expenditures of $2 million.

(b) Contributions in aid of construction represent payments received from producers pursuant to grain storage licence agreements.

17. STOCK-BASED COMPENSATION PLANS

Restricted Share Unit Plan

Under the Company's Restricted Share Unit ("RSU") Plan, each RSU represents one notional common share that entitles the participant to a payment of one common share of the Company purchased on the open market or an equivalent cash amount, at the Company's discretion. RSUs vest at the end of either a two- or three-year period.

During the year ended October 31, 2011, 25,000 RSUs were granted (2010 – 218,533). Compensation expense related to outstanding RSUs was $1 million for the year ended October 31, 2011 (2010 – $2 million).

Performance Share Unit Plan

Under the Company's Performance Share Unit ("PSU") Plan, each PSU represents one notional common share that entitles the participant to a payment of common shares of the Company purchased on the open market or an equivalent cash amount, at the Company's discretion. Each designated participant receives an annual grant of PSUs as part of their compensation. The PSU Plan is a performance based plan, and performance objectives under the plan are designed to further align the interests of the designated participant with those of shareholders by linking the vesting of awards to certain metrics over a three-year performance period. PSUs vest at the end of a three-year period and the number of PSUs that ultimately vest will vary based on the relative results attained against the predetermined metrics. The final value of the PSUs is based on the volume-weighted average of the closing price of the common shares of the Company on the Toronto Stock Exchange ("TSX") for the last five trading days multiplied by the number of vested PSUs.

During the year ended October 31, 2011, 517,013 PSUs were granted to designated participants (2010 – 486,273). Compensation expense related to outstanding PSUs was $3 million for the year ended October 31, 2011 (2010 – $3 million).

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Deferred Share Unit Plan

The Company has two Deferred Share Unit ("DSU") Plans: one for designated employees and one for the Board of Directors ("Board"). Under both plans, a DSU is a notional unit that reflects the market value of a single common share of the Company. Each DSU fully vests upon award. DSUs are redeemed for cash or for common shares of the Company purchased on the open market at the holder's election upon ceasing employment or leaving the Board. The redemption amount is based on the volume-weighted average of the closing price of the common shares of the Company on the TSX for the last five trading days prior to the redemption date, multiplied by the number of DSUs held.

A minimum of 50% of a North American director's annual retainer and meeting fees are put into DSUs until they acquire three times their annual retainer in common shares or DSUs, or a combination of both, of the Company. Each year, directors have the option to elect to receive a larger portion of their annual retainer and any additional fees in the form of DSUs.

Total DSUs granted were 130,275 during the year ended October 31, 2011 (2010 – 193,522). During fiscal 2011, no RSUs or PSUs were converted into DSUs by participants (2010 – 30,075). Compensation expense related to outstanding DSUs was $2 million for the year ended October 31, 2011 (2010 – $1 million).

Key Employee Share Unit Plan

During fiscal 2011, the Key Employee Share Unit Plan ("KESUP") was introduced as part of the annual compensation awards for designated employees. Each share unit represents a right that entitles the participant to receive one common share of the Company at the end of a vesting period, which will be no more than eight years or a lesser period as determined by the Company at the time of the grant. The maximum number of common shares that may be issued pursuant to the KESUP is 6 million. As at October 31, 2011, 5.5 million common shares were available for future grants.

The expense related to the KESUP is recognized on a straight-line basis over the vesting period based on the fair value of the units on their grant date determined by a Black-Scholes option pricing model. Compensation expense for the year was $1 million.

KESUP[(a)]	**Units Outstanding**	**Weighted Average Grant-Date Fair Value**
Units granted	493,293	11.02
Forfeited	(15,100)	
Exercised	(619)	
Outstanding October 31, 2011	477,574	

[(a)] Not shown in thousands.

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Management Stock Option Plan

The maximum number of common shares that may be issued pursuant to the Management Stock Option Plan ("MSOP") is approximately 4.2 million (2010 – 10.2 million). As at October 31, 2011, 1.6 million common shares (2010 – 7.6 million) were available for future grants.

The expense related to the MSOP is recognized over the vesting period based on the fair value of the 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 compensation expense for the year ended October 31, 2011 was $2 million (2010 – $3 million).

MSOP[a]	Options Outstanding	Weighted Average Grant-Date Fair Value	Weighted Average Exercise Price	Options Exercisable	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	(58,215)		10.51		
Expired	(29,930)		108.45		
Exercised	(425)		5.90		
Outstanding October 31, 2010	**2,635,534**		**10.53**	**1,639,314**	**11.05**
Forfeited	**(67,517)**		**9.89**		
Expired	**(23,000)**		**50.01**		
Exercised	**(98,212)**		**9.22**		
Outstanding October 31, 2011	**2,446,805**		**10.21**	**2,143,077**	**10.27**

[a] Not shown in thousands.

MSOP Options Outstanding and Exercisable[a]

Range of Exercise Price	Weighted Average Remaining Life (Years)	Options Outstanding	Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercise Price
5.90 - 9.50	3.96	859,315	9.00	859,315	9.00
9.51 - 11.05	5.24	948,125	9.97	644,397	9.97
11.06 - 21.56	4.21	634,412	12.12	634,412	12.12
21.57 - 31.00	0.77	4,953	31.00	4,953	31.00
	4.52	2,446,805	10.21	2,143,077	10.27

[a] Not shown in thousands.

Employee Share Purchase Plan

Under the Company's Employee Share Purchase Plan ("ESPP"), employees may elect to purchase shares of the Company to a maximum of 10% of their gross annual salary, with the Company matching 50% of the employee's contribution to a maximum of $10,000 per year. The Company is responsible for all costs associated with the purchase of the shares. All common shares are purchased on the open market.

Compensation expense related to the ESPP was $4 million for the year ended October 31, 2011 (2010 – $4 million).

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18. EMPLOYEE FUTURE BENEFITS

	Defined Benefit Pension Plans		Other Future Benefits	
	2011	2010	**2011**	2010
Change in Plan Assets[(a)]				
Fair value, beginning of year	**586,686**	559,994	**–**	–
Actual return on plan assets	**13,665**	59,198	**–**	–
Employer contributions	**7,443**	11,403	**720**	723
Employees' contributions	**199**	298	**–**	–
Benefits paid	**(46,122)**	(44,207)	**(720)**	(723)
Fair value for the year	**561,871**	586,686	**–**	–
Change in Accrued Benefit Obligation[(a)]				
Balance, beginning of year	**572,546**	530,373	**13,351**	12,095
Current service cost	**1,198**	1,555	**300**	292
Interest cost	**27,588**	30,641	**658**	715
Benefits paid	**(46,122)**	(44,207)	**(720)**	(723)
Actuarial loss	**19,314**	54,184	**420**	972
Balance for the year	**574,524**	572,546	**14,009**	13,351
Plan (deficit) surplus	**(12,653)**	14,140	**(14,009)**	(13,351)
Unamortized transitional asset	**(24)**	(98)	**–**	–
Unamortized net actuarial loss (gain)	**144,664**	112,021	**(213)**	(693)
Accrued benefit asset (liability)	**131,987**	126,063	**(14,222)**	(14,044)
Valuation allowance	**(12,907)**	(22,424)	**–**	–
Consolidated accrued benefit asset (liability), net of valuation allowance	**119,080**	103,639	**(14,222)**	(14,044)
Recognized in the Consolidated Balance Sheets				
Other long-term assets (Note 10)	**122,403**	106,986	**–**	–
Other long-term liabilities (Note 16)	**(3,323)**	(3,347)	**(14,222)**	(14,044)
Consolidated accrued benefit asset (liability), net of valuation allowance	**119,080**	103,639	**(14,222)**	(14,044)

(a) The effective date of the most recent actuarial valuations range from October 31, 2005 to December 31, 2010. The projected accrued benefit actuarial cost method pro-rated on service is used for this valuation. The assets are valued at market value on September 30, 2011 with extrapolations as required to October 31, 2011. Comparative figures are valued at market value at October 31, 2010. The effective dates of the next required actuarial valuations range from October 31, 2011 to December 31, 2011.

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Defined benefit plans with accrued benefit obligations in excess of plan assets have an aggregate accrued benefit obligation of $380 million (2010 – $378 million) and an aggregate fair value of plan assets of $331 million (2010 – $345 million).

Cash payments for employee future benefits for the year ended October 31, 2011 were $8 million (2010 – $12 million), consisting of cash contributed to the Company's pension plans and cash payments directly to beneficiaries for other future benefits.

Percentage of Defined Benefit Pension Plans Assets by Major Category	2011	2010
Canadian Equities	23%	32%
Global Equities	26%	28%
Bonds	41%	32%
Other	10%	8%
	100%	100%

Actuarial Assumptions	Defined Benefit Pension Plans		Other Future Benefits	
	2011	2010	2011	2010
Weighted Average Assumptions				
Discount rate (accrued benefit obligation)	4.6%	5.0%	4.6%	5.0%
Discount rate (expense)	5.0%	6.0%	5.0%	6.0%
Expected long-term rate of return on plan assets	6.0%	6.0%	–	–
Rate of compensation increase	3.6%	3.6%	3.6%	3.6%
Other Assumption				
Assumed health care cost trend rates[a]	n/a	n/a	3-8%	4-9%

[a] The health care cost trend rate varies depending on the employee group being valued and will decline by 1.0% per year to an ultimate increase rate of 3.0%.

Effect of Assumed Health Care Cost Trend Rate Change	One Percentage-Point Increase	One Percentage-Point Decrease
Interest cost	22	(21)
Accrued benefit obligation	358	(321)

Net Benefit (Income) Expense	Defined Benefit Pension Plans		Other Future Benefits	
	2011	2010	2011	2010
Current service cost, net of employees' contributions	999	1,257	300	292
Interest cost	27,588	30,641	658	715
Actual return on plan assets	(13,665)	(59,198)	–	–
Actuarial loss	19,314	54,184	420	972
Valuation allowance provided against accrued benefit asset	(9,517)	(8,875)	–	–
Costs arising in the year	24,719	18,009	1,378	1,979
Difference between expected and actual return on plan assets for the year	(20,283)	26,677	–	–
Difference between actuarial loss recognized and actuarial loss on accrued benefit obligation for the year	(12,359)	(50,434)	(480)	(1,095)
Amortization of the transitional obligation	(75)	(75)	–	–
Net benefit (income) expense	(7,998)	(5,823)	898	884

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Defined Contribution Plans

The Company, including subsidiaries and affiliates, contributes to several defined contribution plans, including a multi-employer plan. The Company's total consolidated defined contribution plan expense for the year ended October 31, 2011 is $23 million (2010 – $19 million).

19. SHARE CAPITAL

Common Voting Shares[a]	Number[b]	Amount
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, October 31, 2010	**371,596,933**	**3,025,491**
Share issuance for cash	**98,212**	**905**
Adjustment to share capital from contributed surplus for options exercised	**–**	**315**
Balance, October 31, 2011	**371,695,145**	**3,026,711**

[a] Authorized – unlimited common voting shares.

[b] Number of shares not shown in thousands.

20. ACCUMULATED OTHER COMPREHENSIVE INCOME

	2011	2010
Cash flow hedges (Note 24)[a]	**(2,149)**	(5,108)
Net investment hedges (Note 24)[b]	**2,142**	165
Unrealized gains (losses) on available for sale assets[c]	**1**	(3)
Unrealized effect of foreign currency translation of foreign operations	**202,779**	112,138
	202,773	107,192

[a] Net of tax of $75 (October 2010 – $1,612).

[b] Net of tax of ($393) (October 2010 – ($68)).

[c] Net of tax of ($1) (October 2010 – ($8)).

21. RELATED PARTY TRANSACTIONS

The Company has transactions with related parties in the normal course of business measured at exchange amount which are comparable to commercial rates and terms. Related parties include investee Prince Rupert Grain (Note 10) as well as grain pools operated by the Company.

Total sales to related parties were $21 million (2010 – $16 million) and total purchases from related parties were $56 million (2010 – $62 million). As at October 31, 2011, accounts receivable from related parties totalled $35 million (2010 – $21 million) and accounts payable to related parties totalled $10 million (2010 – $15 million).

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22. INTERESTS IN JOINT VENTURES

The consolidated balance sheets, statements of earnings, and statements of cash flows include, on a proportionate basis, the Company's interests in joint ventures operating in Canada, India, Australia and China.

Balance Sheets	2011	2010
Cash and cash equivalents	**22,249**	15,031
Other current assets	**88,837**	31,423
Long-term assets	**107,642**	93,366
Current liabilities	**90,783**	29,341
Long-term liabilities	**22,760**	22,665
Statements of Earnings		
Sales and other operating revenues	**274,943**	282,930
Expenses	**273,184**	279,586
Proportionate share of net earnings	**1,759**	3,344
Statements of Cash Flows		
Cash (used in) from operating activities	**(21,343)**	17,392
Cash from (used in) financing activities	**55,525**	(15,238)
Cash used in investing activities	**(26,964)**	(8,623)
Proportionate share of increase (decrease) in cash and cash equivalents of joint ventures	**7,218**	(6,469)

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23. SEGMENTED INFORMATION

Consolidated Net Sales and Other Operating Revenues	2011	2010
Grain Handling and Marketing	8,453,941	5,651,399
Agri-products	2,380,025	1,796,537
Processing	1,608,857	1,296,171
	12,442,823	8,744,107
Less: Inter-segment sales[a]	652,365	487,827
	11,790,458	8,256,280
Inter-segment Sales[a]		
Grain Handling and Marketing	619,762	482,164
Agri-products	–	–
Processing	32,603	5,663
	652,365	487,827
Gross Profit and Net Operating Revenues		
Grain Handling and Marketing	888,704	724,127
Agri-products	455,115	350,102
Processing	204,500	184,338
	1,548,319	1,258,567
Operating, General and Administrative Expenses		
Grain Handling and Marketing	395,579	338,022
Agri-products	211,016	196,280
Processing	80,095	80,082
Corporate	159,723	126,600
	846,413	740,984
Adjusted EBITDA[b]		
Grain Handling and Marketing	493,125	386,105
Agri-products	244,099	153,822
Processing	124,405	104,256
Corporate	(159,723)	(126,600)
	701,906	517,583
Amortization		
Grain Handling and Marketing	105,960	98,680
Agri-products	41,279	46,314
Processing	49,521	41,592
Corporate	8,776	6,090
	205,536	192,676
Goodwill Impairment		
Grain Handling and Marketing	–	–
Agri-products	–	–
Processing	7,681	–
Corporate	–	–
	7,681	–

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Adjusted EBIT[c]		
Grain Handling and Marketing	**387,165**	287,425
Agri-products	**202,820**	107,508
Processing	**67,203**	62,664
Corporate	**(168,499)**	(132,690)
	488,689	324,907

[a] Net sales between segments are accounted for at current market prices under normal trade terms.

[b] Adjusted EBITDA – Earnings before financing expenses, taxes, amortization, goodwill impairment, (gain) loss on disposal of assets, integration expenses, and net foreign exchange (gain) loss on acquisition.

[c] Adjusted EBIT – Earnings before financing expenses, taxes, (gain) loss on disposal of assets, integration expenses, and net foreign exchange (gain) loss on acquisition.

Assets	2011	2010
Grain Handling and Marketing	**3,817,827**	3,338,994
Agri-products	**1,332,305**	1,163,853
Processing	**1,343,518**	1,210,287
Corporate	**518,980**	358,531
	7,012,630	6,071,665

Intangible Assets		
Grain Handling and Marketing	**70,515**	77,886
Agri-products	**12,116**	12,924
Processing	**40,701**	43,086
Corporate	**33,420**	21,019
	156,752	154,915

Goodwill		
Grain Handling and Marketing	**232,261**	219,879
Agri-products	**299,735**	299,717
Processing	**243,202**	252,637
	775,198	772,233

Capital Expenditures		
Grain Handling and Marketing	**90,312**	44,063
Agri-products	**26,022**	24,055
Processing	**90,843**	42,286
Corporate	**25,169**	10,699
	232,346	121,103

	Revenues		Property, Plant and Equipment		Goodwill	
	2011	2010	**2011**	2010	**2011**	2010
Canada	**3,557,785**	2,749,476	**1,097,273**	1,089,451	**320,050**	327,732
Australia	**1,233,415**	1,080,369	**1,263,219**	1,169,132	**285,003**	272,677
United States	**1,232,045**	1,300,420	**176,189**	180,402	**125,067**	126,774
Europe	**1,021,703**	–	**1,844**	202	**–**	–
Asia	**3,699,644**	2,172,259	**22,272**	266	**–**	–
New Zealand	**384,471**	399,850	**52,180**	51,565	**45,078**	45,050
Other	**661,395**	553,906	**55**	29	**–**	–
	11,790,458	8,256,280	**2,613,032**	2,491,047	**775,198**	772,233

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except where otherwise stated)

24. FINANCIAL AND OTHER INSTRUMENTS AND HEDGING

Fair Values

			Fair Value	
	Classification	Level	2011	2010
Cash and cash equivalents	Held for trading	1	**298,060**	154,793
Accounts receivable – excluding derivatives	Loans and receivables		**1,123,258**	738,603
Accounts receivable – derivatives				
Exchange-traded derivatives	Held for trading	1	**30,635**	22,040
Commodity forward contracts	Held for trading	2	**91,401**	131,283
Foreign exchange contracts (OTC)	Held for trading	2	**32,445**	63,959
Other assets				
Investments with active market	Available for sale	1	**25**	28
Exchange-traded derivatives	Held for trading	1	**10**	974
Commodity forward contracts	Held for trading	2	**18,899**	26,465
Foreign exchange contracts (OTC)	Held for trading	2	**2,388**	7,954
Short-term borrowings	Held for trading	1	**125,138**	61,677
Accounts payable – excluding derivatives	Other financial liabilities		**1,328,047**	926,340
Accounts payable – derivatives				
Exchange-traded derivatives	Held for trading	1	**10,260**	57,102
Commodity forward contracts	Held for trading	2	**100,369**	90,601
Foreign exchange contracts (OTC)	Held for trading	2	**17,429**	15,591
Cross-currency swaps	Held for trading	2	**5,932**	8,896
Natural gas swaps	Held for trading	2	**938**	1,418
Bond forward contracts	Held for trading	2	**–**	19,964
Long-term debt	Other financial liabilities		**1,154,156**	962,839
Other liabilities				
Long-term derivatives	Held for trading	1 & 2	**5,274**	27,362
Other	Other financial liabilities		**25,484**	51,351

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except where otherwise stated)

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.

Commodity Price Risk

The Company's diverse range of services are 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 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 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 grain handling and marketing operations 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.

	2011	2010
Historical VaR (95%, five-day):		
Agricultural commodity price VaR	**11,357**	16,333

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 12 months. As at October 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 $6 million.

The Company has an outstanding $100 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 October 31, 2011, the portion of the cross-currency swap considered to be ineffective was nil. During the year ended October 31, 2011, $100 million of the net investment hedge was discontinued. The gain reclassified from other

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except where otherwise stated)

comprehensive income that was reported in net earnings relating to the net investment hedge was $1 million after tax and relating to the foreign currency translation of the net investment was approximately $4 million after tax.

The Company has $400 million USD Senior Notes outstanding, the principal of which has been designated as 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 October 31, 2011, the portion of the hedge considered to be ineffective was 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.

During the prior year ended October 31, 2010, the Company entered into a series of derivative contracts in connection with its offer to acquire Dakota Growers (Note 3). The Company had entered into option arrangements in order to limit exposure to a change in the 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 CAD. The arrangements were ineligible for hedge accounting and resulted in a net realized loss of $1 million as at October 31, 2010 included in net foreign exchange loss on acquisition in net earnings.

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.

	Carrying Value	Impact On Earnings, After Tax	Impact On Other Comprehensive Income, After Tax
10% increase			
CAD/USD	6,184	68	448
CAD/Euro	280	20	–
CAD/Great Britain pound	9	1	–
CAD/AUD	1,499	109	–
CAD/Swiss francs	(170)	(12)	–
AUD/USD	9,910	(462)	(3,346)
AUD/Euro	2,284	(139)	(61)
AUD/Japanese yen	(13)	(59)	(195)
AUD/NZD	(385)	24	–
AUD/Singapore dollars	133	(9)	–
10% decrease			
CAD/USD	6,184	(68)	(448)
CAD/Euro	280	(20)	–
CAD/Great Britain pound	9	(1)	–
CAD/AUD	1,499	(109)	–
CAD/Swiss francs	(170)	12	–
AUD/USD	9,910	572	4,093
AUD/Euro	2,284	171	74
AUD/Japanese yen	(13)	72	190
AUD/NZD	(385)	(30)	–
AUD/Singapore dollars	133	11	49

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 reflect the exposure during the year.

A foreign exchange gain of $5 million was included in operating, general and administrative expenses for the year ended October 31, 2011 (2010 – $4 million loss).

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except where otherwise stated)

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 October 31, 2011 borrowing, 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 less than $1 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 debt was issued on February 15, 2011 (Note 15) and the bond forwards were settled. As a result, each year approximately $1 million after tax will be reclassified from other comprehensive income to net income as financing expense over the term of the debt.

Short-term investments at October 31, 2011 had a weighted average interest rate of 2.2% (2010 – 2.6%).

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 reporting segments is 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™.

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 changes in the allowances for losses against accounts receivable are as follows:

	2011	2010
Beginning balance	**(9,907)**	(8,081)
Provision for losses	**(3,190)**	(5,862)
Write-offs, net of recoveries	**3,154**	4,036
Ending balance	**(9,943)**	(9,907)

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

	2011	2010
Not past due	**766,788**	422,440
Past due:		
Past due ≤ 60 days	**16,066**	9,995
Past due ≥ 61 days and ≤ 90 days	**4,988**	2,626
Past due ≥ 91 days	**10,475**	36,888
Allowances for losses	**(9,943)**	(9,907)
	788,374	462,042

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except where otherwise stated)

Included in accounts receivable is $190 million (2010 – $78 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-traded 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.

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. See Notes 13 and 15 for further information on credit facilities in place. 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 maturities for its financial liabilities as at the balance sheet date. It details the undiscounted cash flows of financial instruments based on the earliest date on which the Company can be required to pay and includes both interest and principal cash flows.

	Contractual Cash Flows	Within 1 Year	1 to 2 Years	2 to 3 Years	Thereafter
Short-term borrowings	125,138	125,138	–	–	–
Accounts payable[a]	1,328,047	1,328,047	–	–	–
Exchange-traded derivatives	10,319	10,260	59	–	–
Commodity forward contracts	103,406	100,369	3,037	–	–
Foreign exchange forward contracts (OTC)	19,607	17,429	2,072	106	–
Cross-currency swaps	7,278	7,278	–	–	–
Natural gas swaps	938	938	–	–	–
Long-term debt, including current portion	1,591,136	78,730	78,730	378,708	1,054,968
Other long-term liabilities	26,388	–	19,418	2,405	4,565

[a] Accounts payable (excluding derivatives).

25. COMMITMENTS

	2012	2013	2014	2015	2016
Operating leases[a][b]	40,573	30,751	20,458	7,200	4,951
Finance leases[a][b]	1,327	1,180	907	–	–
Agri-products contracts[c]	62,818	2,890	2,003	1,269	135
Long-term debt[a]	1,091	835	300,618	544	487
Licences	531	330	119	77	60
	106,340	35,986	324,105	9,090	5,633

[a] Includes the Company's proportionate share of commitments of joint ventures.

[b] Operating and finance leases relate primarily to rail cars, motor vehicles, buildings and equipment.

[c] Agri-products contractual obligations relate primarily to various seed growers for the production of seed and forage crops.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except where otherwise stated)

26. GUARANTEES

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 $1.5 billion (2010 – $1.4 billion).

The Company is contingently liable under several guarantees and indemnities given to third-party lenders who have provided certain financing facilities to its wholly owned foreign subsidiaries. As at October 31, 2011, the maximum amounts of the guarantees and indemnities are $166 million CAD, $290 million USD, $99 million AUD, EUR 61 million and Japanese Yen ("JPY") 2 billion, or approximately $669 million CAD in aggregate (2010 – $209 million CAD). As at October 31, 2011, liabilities recorded that have been guaranteed would include subsidiary trade facility borrowings of $125 million (2010 – $11 million) included in short-term borrowings (Note 13).

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.

Letters of Credit and Bid Bonds

At October 31, 2011, the Company had outstanding letters of credit and similar instruments of $12 million related to operating an agri-business (2010 – $16 million). The terms range in duration and expire at various dates through to October 31, 2012. The amounts vary depending on underlying business activity or the specific agreements in place with the third parties. At October 31, 2011, the Company had outstanding bid bonds and similar instruments of $37 million (2010 – $6 million) related to trade facility agreements (Note 15).

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 October 31, 2011, outstanding credit was $605 million (2010 – $520 million), and the Company's obligation of $7 million (2010 – $7 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 October 31, 2011, outstanding credit was $40 million (2010 – $36 million), and the Company's obligation of $1 million (2010 – $1 million) for past and future losses is current with the bank in accordance with the Agency Agreement.

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.

Notes to the Consolidated Financial Statements

(in thousands of Canadian dollars, except where otherwise stated)

27. CONTINGENCIES

As at October 31, 2011, there are claims and other matters 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.

28. 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 Adjusted EBITDA to cash interest, net. 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 to a range of 30% to 40%. Management uses the Adjusted EBITDA to cash interest, net ratio to assess interest coverage and the Company's ability to service its interest bearing debt. The Company's objective is to maintain a rolling 12-month Adjusted EBITDA that is at least five times the level of cash interest, net.

	2011	2010
Debt-to-total capital[a]		
As at the balance sheet date	**23:77**	21:79
Four quarter average	**26:74**	25:75
Adjusted EBITDA to cash interest, net[b][c]	**6.4**	5.0

[a] Debt is defined as interest bearing debt, which includes short-term borrowing, long-term debt due within one year, and long-term debt. Capital is defined as total interest bearing debt plus total shareholders' equity.

[b] Adjusted EBITDA is defined as earnings before financing expenses, taxes, amortization, goodwill impairment, (gain) loss on disposal of assets, integration expenses and net foreign exchange (gain) loss on acquisition (Note 3). Cash interest, net is defined as net financing expenses excluding refinancing costs and non-cash financing expenses (Note 4).

[c] The ratio is calculated on a rolling 12-month basis.

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. The Company's strategy for managing capital is unchanged from the previous year.

At October 31, 2011, the Company was in compliance with external covenants relating to the management of capital.

Viterra Board of Directors

Back row (left to right):

Brian Gibson
Senior Vice-President, Alberta Investment Management Corp.
Board Committees: Audit; Nominating and Corporate Governance

Thomas S. Chambers
President, Senior Partner Services Ltd.
Board Committees: Audit (Chair); Human Resources and Compensation

Kevin Osborn
Board Committees: Audit; Safety, Health, Environment and Sustainability

Tim Hearn
Chairman, Hearn & Associates
Board Committees: Nominating and Corporate Governance (Co-chair); Human Resources and Compensation

Vic Bruce*
President, Sunrise Farms
Board Committees: Audit; Safety, Health, Environment and Sustainability

Herb Pinder Jr.
President, Goal Group of Companies
Board Committees: Nominating and Corporate Governance; Audit

Dallas Howe
Chief Executive Officer, DSTC Ltd.
Board Committees: Human Resources and Compensation (Chair); Nominating and Corporate Governance

Max Venning
Board Committees: Human Resources and Compensation; Safety, Health, Environment and Sustainability

Front row (left to right):

Paul Daniel*
Board Committees: Audit; Safety, Health, Environment and Sustainability

Thomas Birks
Chairman, Viterra Inc.
President, Birinco Inc.
Board Committees: Nominating and Corporate Governance

Mayo Schmidt
President and Chief Executive Officer, Viterra Inc.

Bonnie DuPont
Board Committees: Safety, Health, Environment and Sustainability (Chair); Human Resources and Compensation

Perry Gunner
Deputy Chairman, Viterra Inc.
Board Committees: Nominating and Corporate Governance

Larry Ruud
President and Chief Executive Officer, One Earth Farms
Board Committees: Audit; Safety, Health, Environment and Sustainability

* Not standing for re-election at the 2012 Annual General and Special Meeting of Shareholders

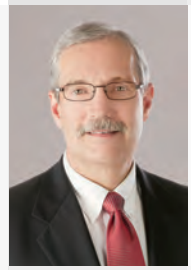
Officers of Viterra

Mayo Schmidt

President and Chief Executive Officer

Fran Malecha

Chief Operating Officer – Grain



Doug Wonnacott

Chief Operating Officer – Agri-products

Karl Gerrand

Chief Operating Officer – Processing

Rex McLennan

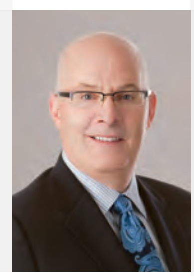
Chief Financial Officer

Steven Berger

Senior Vice-President, Corporate Services

James Bell

Senior Vice-President, General Counsel and Corporate Secretary



Mike Brooks

Senior Vice-President and Chief Information Officer

Robert Miller

Senior Vice-President, Grain – North America

Don Chapman

Senior Vice-President, International Grain

Ron Cameron

Vice-President and Group Controller

Grant Theaker

Vice-President and Treasurer

Investor Information

ANNUAL AND SPECIAL MEETING

The Annual and Special Meeting of Shareholders will be held at 2:00 p.m., Mountain Standard Time, March 8, 2012, at the Sheraton Suites Calgary Eau Claire, 255 Barclay Parade SW, Calgary, Alberta, Canada.

FISCAL YEAR INFORMATION

First Quarter	November 1 to January 31
Second Quarter	February 1 to April 30
Third Quarter	May 1 to July 31
Fourth Quarter	August 1 to October 31

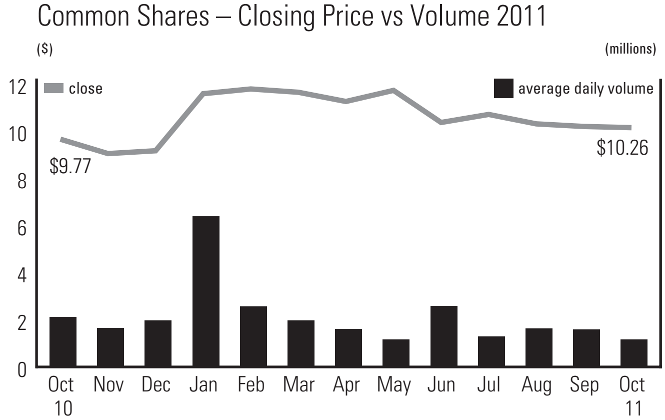
Viterra issues its quarterly financial results within 45 days of each quarter end. Its year-end financial information (which includes its fourth quarter) is available within 90 days of year end as required by Canadian continuous disclosure requirements.

SHARE CAPITAL

The Company's authorized common stock consists of an unlimited number of common shares, which are traded publicly on the Toronto Stock Exchange. There are 371,695,145 common shares issued and outstanding. The stock symbol is "VT".

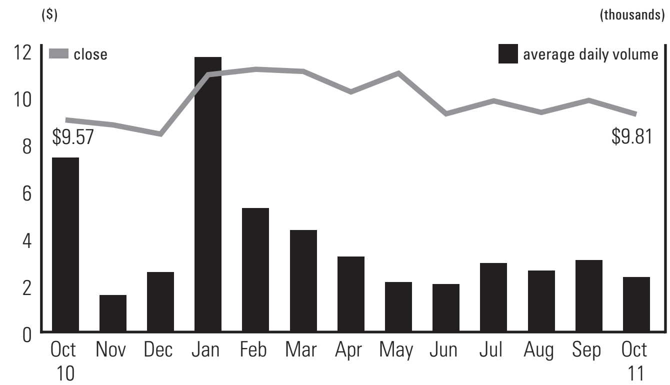
As a result of the ABB transaction on September 23, 2009, Viterra issued 78,296,645 common shares, of which 68,629,939 were CHESS Depositary Interests (CDIs). As of October 31, 2011, 22,249,725 CDIs (which are included in the above noted issued and outstanding common stock number) remain issued and outstanding. CDIs are units of beneficial ownership held and registered with a depositary clearing house in Australia. CDIs can be bought or sold on the Australian Securities Exchange under the symbol "VTA" and are convertible at any time into common shares of Viterra.

Common Shares – Closing Price vs Volume 2011



Source: Toronto Stock Exchange

CDIs – Closing Price vs Volume 2011*



Source: Thomson Reuters

*In Australian Dollars.

S&P/TSX INDICES

Viterra is a member of the S&P/TSX Composite Index, S&P/TSX Completion Index, S&P/TSX Consumer Staple Index, S&P/TSX Agricultural Products Index and MSCI Canada Index.

SENIOR NOTES

Viterra has four series of senior notes outstanding:

- CAD $300 million of Senior Unsecured Notes – the notes pay interest at a rate of 8.5% per annum and mature in July 2014.
- CAD $200 million of Senior Unsecured Notes – the notes pay interest at a rate of 8.5% per annum and mature in August 2017.
- USD $400 million of Senior Unsecured Notes – the notes pay interest at a rate of 5.95% per annum and mature in August 2020.
- CAD $200 million of Senior Unsecured Notes – the notes pay interest at a rate of 6.41% per annum and mature in February 2021.

All notes are traded in the over-the-counter market.

CORPORATE GOVERNANCE INFORMATION

The Company's Code of Business Conduct, Board of Directors' Mandate, Audit Committee Charter, Nominating/Corporate Governance Committee Mandate, Safety, Health, Environment and Sustainability Mandate, Human Resources and Compensation Committee Terms of Reference and a list of the members of the Board of Directors are available on Viterra's website at www.viterra.com.

PRIVACY OFFICER

Toll-Free: 1-866-292-7163
Email: viterra.privacy@viterra.com

COMPANY REPORTS

Copies of the Company's Annual Report, Quarterly Reports, Annual Information Form and other regulatory filings are available by contacting Investor Relations and Corporate Relations at:

Viterra Inc.
Investor Relations and Corporate Relations
Bow Valley Square 2
3400 – 205 5th Avenue SW
Calgary, Alberta, Canada T2P 2V7
Telephone: 1-403-817-1026
Email: investor@viterra.com

Copies are also available on the Company's website at www.viterra.com or through the System for Electronic Disclosure and Retrieval (SEDAR) at www.sedar.com.

SHARE TRANSFERS/LOST CERTIFICATES

Share transfer inquiries, lost certificates, changes of address or other shareholder inquiries should be directed to the Company's transfer agent, Computershare Investor Services Inc.

Telephone: 1-800-564-6253

UNITED GRAIN GROWERS/AGRICORE UNITED SHARE CERTIFICATES

Shareholders who previously held common or preferred shares in United Grain Growers or Agricore/Agricore United may contact Computershare toll-free at 1-866-997-0995 for information on their shares.

TRANSFER AGENT INFORMATION

Common Shares

Computershare Investor Services Inc.
600 – 530 8th Avenue SW
Calgary, Alberta, Canada T2P 3S8
Toll-Free: 1-866-997-0995
Email: service@computershare.com
www.computershare.com

CDIs

Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street
Adelaide, South Australia, 5000 Australia
Toll-Free within Australia: 1300 820 796
Outside Australia: 011 61 3 9415 4072
Inquiries: www.investorcentre.com
www.computershare.com

INVESTOR INQUIRIES

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Email: investor@viterra.com
Telephone: 1-403-817-1026
Fax: 1-403-817-1099

CORPORATE OFFICES – VITERRA

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Telephone: 1-403-440-1119
Fax: 1-403-718-3829

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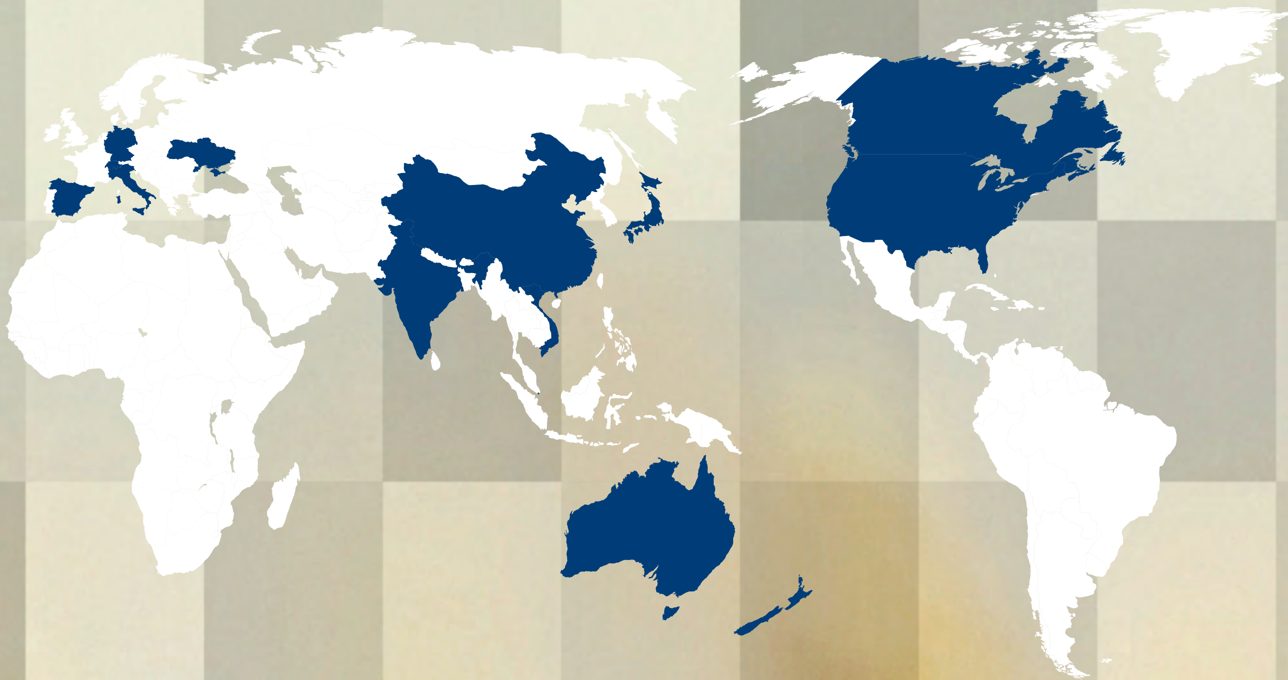
2625 Victoria Avenue
Regina, Saskatchewan, Canada S4T 7T9
Telephone: 1-306-569-4411
Toll-Free: 1-866-569-4411
Fax: 1-306-569-4708

Adelaide, Australia

124 – 130 South Terrace
Adelaide, South Australia, 5000 Australia
Telephone: 011 61 8 8211 7199
Fax: 011 61 8 8231 1249



A World of Opportunity

When Viterra looks at the world, we see opportunity. With a global platform, a strong record of executing on our strategic initiatives and global demand fundamentals in our favour, Viterra is confident that we have a bright future ahead. We offer investors a vehicle for participating in one of the most exciting and resilient industries: agriculture. Join us as we continue to capitalize on new opportunities.

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