VITERRA INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2012

TABLE OF CONTENTS

Management's Discussion and Analysis

The following interim Management's Discussion and Analysis ("MD&A") for Viterra Inc. ("Viterra" or the "Company") updates the Company's annual MD&A and should be read in conjunction with the Condensed Consolidated Financial Statements ("condensed financial statements") and related notes for the three and six month periods ended April 30, 2012, as well as the annual MD&A included in Viterra's 2011 Annual Report. No update has been provided where an item is not material or there has been no material change from the discussion in the annual MD&A. Unless otherwise noted, all financial information reflected herein is expressed in Canadian dollars ("CAD") and in accordance with International Financial Reporting Standards ("IFRS"). Previously, the Company prepared its condensed and annual financial statements in accordance with Canadian generally accepted accounting principles ("CGAAP").

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

Readers are directed to consider the cautionary notes regarding forward-looking statements (see Section 8).

Proposed Acquisition of Viterra by Glencore International PLC

On March 20, 2012, Viterra Inc., Glencore International plc ("Glencore") and 8115222 Canada Inc., an indirect wholly-owned subsidiary of Glencore ("Subco") entered into an arrangement agreement (the "Arrangement Agreement"). The Arrangement Agreement provides that, upon the terms and subject to the conditions set forth in the Arrangement Agreement, Subco will acquire all of the outstanding common shares of Viterra for $16.25 in cash per common share and Viterra will become an indirect wholly-owned subsidiary of Glencore under a plan of arrangement ("the Arrangement") pursuant to the provisions of applicable corporate legislation.

The Arrangement was approved by the shareholders of Viterra at a special meeting of the holders of the common shares on May 29, 2012 and by the Ontario Superior Court of Justice at a hearing held on May 31, 2012. Consummation of the Arrangement is subject to customary conditions for a transaction of this nature. These conditions include regulatory approvals, including those under the Investment Canada Act. Subject to the satisfaction of such conditions, the closing of the Arrangement is expected to occur by the end of July, 2012; however, this date is not certain and may change.

The Arrangement Agreement provides that the Arrangement Agreement may be terminated and in certain circumstances, Viterra will be required to pay to Subco a termination payment of $185 million in connection with such a termination. In certain other circumstances, including a termination in connection with a failure to obtain certain regulatory approvals, Subco will be required to pay to Viterra a termination payment of $50 million.

The Arrangement Agreement provides that Viterra will, and will cause its subsidiaries to, use commercially reasonable efforts to effect a reorganization of their business, operations and assets and integration of other affiliated businesses, as Glencore (through Subco) may reasonably request. Glencore and Subco have advised Viterra that they will request that Viterra effect a reorganization in connection with the completion of the Arrangement, but the nature of that reorganization, and any effect that such a reorganization may have on the financial condition, financial performance and cash flows of Viterra and its subsidiaries, is still being determined.

Full details concerning the Arrangement are included in the Company's Management Information Circular dated April 26, 2012 available on SEDAR at www.sedar.com and on the ASX company announcements platform at www.asx.com.au.

1. Operating Results

1.1 Analysis of Second Quarter Consolidated Results

Selected Condensed Consolidated Financial Results *(in thousands - except per share amounts)*	Three Months ended April 30, 2012	Three Months ended April 30, 2011	*Better (Worse)*	Six Months ended April 30, 2012	Six Months ended April 30, 2011	*Better (Worse)*
CONTINUING OPERATIONS						
Revenue	**$ 3,548,025**	$ 2,558,365	*$ 989,660*	**$ 7,110,996**	$ 4,888,234	*$ 2,222,762*
Cost of sales	**3,150,299**	2,256,762	*(893,537)*	**6,327,990**	4,197,232	*(2,130,758)*
Gross profit	**$ 397,726**	$ 301,603	*$ 96,123*	**$ 783,006**	$ 691,002	*$ 92,004*
Operating, general and administrative expenses	**266,122**	219,923	*(46,199)*	**513,665**	445,536	*(68,129)*
Loss (gain) on disposal of assets	**210**	529	*319*	**(2,985)**	(330)	*2,655*
Transaction costs	**8,957**	-	*(8,957)*	**8,957**	-	*(8,957)*
Finance costs	**29,912**	35,255	*5,343*	**58,516**	65,602	*7,086*
Earnings before income taxes	**$ 92,525**	$ 45,896	*$ 46,629*	**$ 204,853**	$ 180,194	*$ 24,659*
Income tax expenses	**20,694**	15,117	*(5,577)*	**47,894**	48,348	*454*
Net earnings from continuing operations	**$ 71,831**	$ 30,779	*$ 41,052*	**$ 156,959**	$ 131,846	*$ 25,113*
DISCONTINUED OPERATIONS						
Net loss from discontinued operations	**$ (4,718)**	$ (620)	*(4,098)*	**$ (12,156)**	$ (1,006)	*(11,150)*
Net earnings	**$ 67,113**	$ 30,159	*$ 36,954*	**$ 144,803**	$ 130,840	*$ 13,963*
Basic and diluted earnings per share from continuing operations	**$ 0.19**	$ 0.08	*$ 0.11*	**$ 0.42**	$ 0.35	*$ 0.07*
Basic and diluted earnings per share	**$ 0.18**	$ 0.08	*$ 0.10*	**$ 0.39**	$ 0.35	*$ 0.04*

In the second quarter of fiscal 2012 consolidated revenues increased 35% to $3.5 billion from $2.6 billion in the corresponding period of fiscal 2011. The increase was mainly attributable to the Grain Handling and Marketing and Agri-Products segments. Grain Handling and Marketing revenues benefited from increased shipping volumes from the Company's assets in Canada and increased origination and merchandising activity from the International Grain group. Agri-Products revenues increased over the prior year due to strong fertilizer pricing and sales volumes. In addition, an early start to spring seeding caused some agri-products sales, which would typically occur in the third quarter, to move into the second quarter. On a year-to-date basis these same factors increased revenues to $7.1 billion from $4.9 billion a year earlier.

Gross profit for the second quarter totalled $398 million, an increase of 32% from $302 million in the comparable period of fiscal 2011. Under current reporting, gross profit includes depreciation expenses of $11 million in both periods. All segments recorded improved contributions from the comparable period in fiscal 2011. Grain Handling and Marketing's second quarter contribution increased by $35 million due to higher global grain shipments and improved results from the International Grain group (see Section 2.1). Agri-Products gross profit increased by $52 million as a result of higher fertilizer volumes and increased seed and crop protection products contributions due to an early start to seeding (see Section 2.2). Results from the

Processing segment increased $10 million in the quarter due to improvements in the pasta and canola operations (see Section 2.3). The higher contributions from all segments in the quarter increased gross profit for the first six months of fiscal 2012 to $783 million from $691 million in the corresponding period a year earlier. Gross profit for the first six months of fiscal 2012 includes depreciation of $22 million, on par with the corresponding period a year earlier.

Consolidated operating, general and administrative ("OG&A") expenses for the quarter were $266 million compared to $220 million a year earlier. This increased OG&A expenses for the first six months to $514 million versus $446 million a year earlier. Under current reporting, OG&A expenses include $42 million (2011 - $36 million) in depreciation and amortization expense for the second quarter and $83 million (2011 – $71 million) in the first six months of the fiscal year. The increase in depreciation and amortization for both the second quarter and first half of fiscal 2012 reflects the addition of new assets. The majority of the remaining OG&A increase is related to the Grain Handling and Marketing and Agri-Product segments. Grain Handling and Marketing expenses increased due to additional labour costs required to handle the higher shipments in Canada and Australia and provide an increased level of service to growers in Australia. OG&A expenses for this segment also increased due to costs for new operations such as the Montreal port facility and marketing offices added during the latter half of fiscal 2011. Increased sales activity and the new fuel business in the Agri-Products segment increased its OG&A expenses.

Transaction costs of $9 million were recorded in the second quarter. These costs are attributable to the Arrangement Agreement with Glencore.

Total finance costs were $30 million in the second quarter of 2012, a decrease of $5 million from the corresponding period a year earlier. Finance costs benefited from lower borrowing levels and lower interest rates on short-term debt, which more than offset the costs associated with increased long-term debt.

Viterra recorded a net corporate tax provision from continuing and discontinued operations of $20 million, with an effective tax rate of 22.8% (2011 – 33.4%) for the second quarter and 23.4% (2011 – 27.0%) for the year-to-date period. The effective tax rate for both periods is higher than the estimated annual effective tax rate of 22.2% as the quarterly rate reflects increased earnings in higher tax jurisdictions.

Earnings from discontinued operations include the Company's North American feed assets as Viterra completed the disposal of these assets in the second quarter.

Viterra's second quarter net earnings were $67 million ($0.18 per share) compared to $30 million ($0.08 per share) in the same three-month period last year. Net Earnings for the six months ended April 30, 2012 were $145 million ($0.39 per share) compared to $131 million ($0.35 per share) in the corresponding period of fiscal 2011.

Selected Condensed Segment Financial Information

(in thousands)

	Three Months ended April 30, 2012					
	Consolidated	**Inter-segment Elimination**	**Grain Handling and Marketing**	**Agri-Product**	**Processing**	**Corporate**
CONTINUING OPERATIONS						
Revenue	**$ 3,548,025**	**$ (189,967)**	**$ 2,720,120**	**$ 691,008**	**$ 326,864**	**$ -**
Cost of sales	**3,150,299**	**(189,967)**	**2,471,439**	**575,623**	**293,204**	**-**
Gross profit	**$ 397,726**	**$ -**	**$ 248,681**	**$ 115,385**	**$ 33,660**	**$ -**
Operating, general and administrative expenses	**266,122**	**-**	**136,263**	**64,350**	**14,984**	**50,525**
Loss (gain) on disposal of assets	**210**	**-**	**31**	**(26)**	**205**	**-**
Transaction costs	**8,957**	**-**	**-**	**-**	**-**	**8,957**
Finance costs	**29,912**	**-**	**1,532**	**312**	**1,230**	**26,838**
Pre-tax earnings (loss) from continuing operations	**$ 92,525**	**$ -**	**$ 110,855**	**$ 50,749**	**$ 17,241**	**$ (86,320)**
DISCONTINUED OPERATIONS						
Pre-tax loss from discontinued operations	**$ (5,558)**	**$ -**	**$ -**	**$ -**	**$ (5,558)**	**$ -**

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	Three Months ended April 30, 2011					
	Consolidated	Inter-segment Elimination	Grain Handling and Marketing	Agri-Product	Processing	Corporate
CONTINUING OPERATIONS						
Revenue	$ 2,558,365	$ (151,737)	$ 2,045,241	$ 433,741	$ 231,120	$ -
Cost of sales	2,256,762	(151,737)	1,831,069	369,885	207,545	-
Gross profit	$ 301,603	$ -	$ 214,172	$ 63,856	$ 23,575	$ -
Operating, general and administrative expenses	219,923	-	115,912	51,969	11,929	40,113
Loss (gain) on disposal of assets	529	-	(20)	343	206	-
Transaction costs	-	-	-	-	-	-
Finance costs (recovery)	35,255	-	1,418	353	(915)	34,399
Pre-tax earnings (loss) from continuing operations	$ 45,896	$ -	$ 96,862	$ 11,191	$ 12,355	$ (74,512)
DISCONTINUED OPERATIONS						
Pre-tax loss from discontinued operations	$ (691)	$ -	$ -	$ -	$ (691)	$ -

	Differences Better (Worse)					
	Consolidated	Inter-segment Elimination	Grain Handling and Marketing	Agri-Product	Processing	Corporate
CONTINUING OPERATIONS						
Revenue	$ 989,660	$ (38,230)	$ 674,879	$ 257,267	$ 95,744	$ -
Cost of sales	(893,537)	38,230	(640,370)	(205,738)	(85,659)	-
Gross profit	96,123	-	34,509	51,529	10,085	-
Operating, general and administrative expenses	$ (46,199)	$ -	$ (20,351)	$ (12,381)	$ (3,055)	$ (10,412)
Loss (gain) on disposal of assets	319	-	(51)	369	1	-
Transaction costs	(8,957)	-	-	-	-	(8,957)
Finance costs (recovery)	5,343	-	(114)	41	(2,145)	7,561
Pre-tax earnings (loss) from continuing operations	$ 46,629	$ -	$ 13,993	$ 39,558	$ 4,886	$ (11,808)
DISCONTINUED OPERATIONS						
Pre-tax loss from discontinued operations	$ (4,867)	$ -	$ -	$ -	$ (4,867)	$ -

Selected Condensed Segment Financial Information
(in thousands)

	Six Months ended April 30, 2012					
	Consolidated	**Inter-segment Elimination**	**Grain Handling and Marketing**	**Agri-Product**	**Processing**	**Corporate**
CONTINUING OPERATIONS						
Revenue	**$ 7,110,996**	**$ (408,307)**	**$ 5,773,902**	**$ 1,108,019**	**$ 637,382**	**$ -**
Cost of sales	**6,327,990**	**(408,307)**	**5,228,155**	**932,674**	**575,468**	**-**
Gross profit	**$ 783,006**	**$ -**	**$ 545,747**	**$ 175,345**	**$ 61,914**	**$ -**
Operating, general and administrative expenses	**513,665**	**-**	**278,053**	**119,907**	**28,932**	**86,773**
Loss (gain) on disposal of assets	**(2,985)**	**-**	**(3,152)**	**(44)**	**209**	**2**
Transaction costs	**8,957**	**-**	**-**	**-**	**-**	**8,957**
Finance costs	**58,516**	**-**	**3,433**	**717**	**774**	**53,592**
Pre-tax earnings from continuing operations	**$ 204,853**	**$ -**	**$ 267,413**	**$ 54,765**	**$ 31,999**	**$ (149,324)**
DISCONTINUED OPERATIONS						
Pre-tax loss from discontinued operations	**$ (15,736)**	**$ -**	**$ -**	**$ -**	**$ (15,736)**	**$ -**

	Six Months ended April 30, 2011					
	Consolidated	Inter-segment Elimination	Grain Handling and Marketing	Agri-Product	Processing	Corporate
CONTINUING OPERATIONS						
Revenue	$ 4,888,234	$ (290,315)	$ 3,987,875	$ 726,312	$ 464,362	$ -
Cost of sales	4,197,232	(290,315)	3,475,262	611,581	400,704	-
Gross profit	$ 691,002	$ -	$ 512,613	$ 114,731	$ 63,658	$ -
Operating, general and administrative expenses	445,536	-	240,418	101,267	24,333	79,518
Loss (gain) on disposal of assets	(330)	-	(526)	187	339	(330)
Transaction costs	-	-	-	-	-	-
Finance costs (recovery)	65,602	-	2,593	658	(1,663)	64,014
Pre-tax loss from continuing operations	$ 180,194	$ -	$ 270,128	$ 12,619	$ 40,649	$ (143,202)
DISCONTINUED OPERATIONS						
Pre-tax loss from discontinued operations	$ (1,091)	$ -	$ -	$ -	$ (1,091)	$ -

	Differences Better (Worse)					
	Consolidated	Inter-segment Elimination	Grain Handling and Marketing	Agri-Product	Processing	Corporate
CONTINUING OPERATIONS						
Revenue	$ 2,222,762	$ (117,992)	$ 1,786,027	$ 381,707	$ 173,020	$ -
Cost of sales	(2,130,758)	117,992	(1,752,893)	(321,093)	(174,764)	-
Gross profit	92,004	-	33,134	60,614	(1,744)	-
Operating, general and administrative expenses	$ (68,129)	$ -	$ (37,635)	$ (18,640)	$ (4,599)	$ (7,255)
Loss (gain) on disposal of assets	2,655	-	2,626	231	130	(332)
Transaction costs	(8,957)	-	-	-	-	(8,957)
Finance costs (recovery)	7,086	-	(840)	(59)	(2,437)	10,422
Pre-tax earnings from continuing operations	$ 24,659	$ -	$ (2,715)	$ 42,146	$ (8,650)	$ (6,122)
DISCONTINUED OPERATIONS						
Pre-tax loss from discontinued operations	$ (14,645)	$ -	$ -	$ -	$ (14,645)	$ -

1.2 Non-GAAP and Segment Measures Related to Operations

Selected Condensed Consolidated Financial Information *(in thousands - except per share amounts)*	**Three Months ended April 30,** **2012**	2011	*Better (Worse)*	**Six Months ended April 30,** **2012**	2011	*Better (Worse)*
Revenue	**$ 3,548,025**	$ 2,558,365	*$ 989,660*	**$ 7,110,996**	$ 4,888,234	*$ 2,222,762*
Cost of sales	**3,150,299**	2,256,762	*(893,537)*	**6,327,990**	4,197,232	*(2,130,758)*
Gross profit	**$ 397,726**	$ 301,603	*$ 96,123*	**$ 783,006**	$ 691,002	*$ 92,004*
Add back: Depreciation	**10,981**	11,024	*(43)*	**21,598**	22,054	*(456)*
Adjusted gross profit	**$ 408,707**	$ 312,627	*$ 96,080*	**$ 804,604**	$ 713,056	*$ 91,548*
Operating, general, and administrative expenses	**266,122**	219,923	*(46,199)*	**513,665**	445,536	*(68,129)*
Add back: Depreciation and amortization	**42,329**	35,881	*6,448*	**82,921**	71,255	*11,666*
EBITDA	**$ 184,914**	$ 128,585	*$ 56,329*	**$ 373,860**	$ 338,775	*$ 35,085*
Depreciation and amortization	**53,310**	46,905	*(6,405)*	**104,519**	93,309	*(11,210)*
EBIT	**$ 131,604**	$ 81,680	*$ 49,924*	**$ 269,341**	$ 245,466	*$ 23,875*

Non-GAAP measures include:

- Adjusted gross profit – Gross profit before depreciation on manufacturing assets.
- Adjusted EBITDA (“EBITDA”) – Earnings from continuing operations before finance costs, income taxes, depreciation and amortization, transaction costs and gain (loss) on disposal of assets.
- Adjusted EBIT (“EBIT”) – Earnings before finance costs, income taxes, transaction costs and gain (loss) on disposal of assets.

Those items excluded in the determination of EBITDA and EBIT represent items that are non-cash in nature, income taxes, finance costs 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 performance and to supplement information on earnings (losses) as determined in accordance with IFRS.

Adjusted gross profit, which excludes depreciation on manufacturing assets, is used by Management to assess the results of operations. EBITDA is used by Management to assess the cash generated by operations, and EBIT is used by Management to assess earnings from operations prior to finance costs, transaction costs, (gain) loss on disposal of assets and income taxes. All three of these measures also provide important management information concerning reportable segment performance since the Company does not allocate finance costs, income taxes or other excluded items to these individual reportable segments.

These non-GAAP measures should not be considered in isolation of, or as a substitute for, GAAP measures such as net earnings (loss) as an indicator of the Company’s profitability and operating performance or 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.

EBITDA was a record $185 million for the quarter compared to $129 million in the second quarter of fiscal 2011. The robust results for the period were driven by record contributions from the Agri-Products segment, increased contributions from the Grain Handling and Marketing segment, due to strong shipment volumes and higher margins, and improvements in the Processing segment's results. The strong second quarter results brought EBITDA for the first six months of fiscal 2012 to $374 million, compared to $339 million a year earlier.

For further information on reportable segment performance, see Section 2 Reportable Segment Results.

1.3 Summary of Quarterly Financial Information

Select Quarterly Financial Information *For the quarters ended* *(in millions - except per share amounts)*	**IFRS[1]**						**CGAAP[1]**	
	April 30, 2012 Q2	January 31, 2012 Q1	October 31, 2011 Q4	July 31, 2011 Q3	April 30, 2011 Q2	January 31, 2011 Q1	October 31, 2010 Q4	July 31, 2010 Q3
Revenue	$ 3,548	$ 3,563	$ 2,896	$ 3,409	$ 2,558	$ 2,330	$ 1,952	$ 2,493
Gross profit	398	385	306	466	302	389	320	393
Operating, general and administrative expenses	266	248	264	262	220	226	182	196
Net earnings from continuing operations	72	85	12	125	31	101	138	197
Net earnings from discontinued operations	(5)	(7)	(45)	(1.7)	(0.6)	(0.4)	-	-
Net earnings	67	78	(33)	123	30	101	53	64
Basic and diluted earnings per share, from continuing operations	$ 0.19	$ 0.23	$ 0.03	$ 0.34	$ 0.08	$ 0.27	$ 0.14	$ 0.17
Basic and diluted earnings per share	$ 0.18	$ 0.21	$ (0.09)	$ 0.33	$ 0.08	$ 0.27	$ 0.14	$ 0.17

1 Prior to the 2012 fiscal year end, the Company's finanical statements were prepared in accordance with CGAAP. In the first quarter of 2012, the Company adopted IFRS with an effective transition date of November 1, 2010 and restated the 2011 fiscal year financial results to be in accordance with IFRS. Detaisl regarding the Company's transition to IFRS are included in the Condensed Consolidated Financial Statements for the three months and six months ended April 30, 2012.

A discussion of the factors that have caused variations over the quarters is found in Section 5 of the MD&A for the fiscal year ended October 31, 2011 and Section 2 Reportable Segment Results presented below. These sections discuss, among other things, the trends and seasonality of the Company's three operating reportable segments: Grain Handling and Marketing, Agri-Products and Processing.

2. Reportable Segment Results

2.1 Grain Handling and Marketing

Industry and Viterra Receipts and Shipments *(in thousands)*	**Three Months ended April 30,** 2012	2011	*Better (Worse)*	**Six Months ended April 30,** 2012	2011	*Better (Worse)*
North American industry statistics *(tonnes)*						
Western Canadian receipts - six major grains	**8,824**	7,640	*1,184*	**18,646**	15,917	*2,729*
Western Canadian shipments - six major grains	**9,498**	7,972	*1,526*	**18,922**	15,702	*3,220*
Canadian industry terminal receipts	**6,251**	5,520	*731*	**13,056**	11,165	*1,891*
Viterra - North American operations *(tonnes)*						
Elevator receipts	**3,587**	3,344	*243*	**8,118**	6,976	*1,142*
Elevator shipments	**4,288**	3,652	*636*	**8,700**	7,126	*1,574*
Port terminal receipts	**3,044**	2,199	*845*	**6,372**	4,577	*1,795*
Viterra - Australian operations *(tonnes)*						
Shipments	**2,453**	2,360	*93*	**4,632**	3,987	*645*
Receipts	**50**	271	*(221)*	**6,609**	8,509	*(1,900)*
Merchandised Volumes:						
South Australia	**763**	725	*38*	**1,677**	1,346	*331*
Rest of Australia	**1,028**	1,053	*(25)*	**1,915**	1,721	*194*

In Western Canada, Statistics Canada has estimated that the harvest in the fall of 2011 produced 49.3 million tonnes of the six major grains, in line with the five year average of approximately 50.0 million tonnes.

In the second quarter of fiscal 2012, western Canadian industry shipments of the six major grains totalled 9.5 million tonnes compared to 8.0 million tonnes in the same period of fiscal 2011. Industry shipments benefited from a number of factors including strong export demand, a successful and timely harvest, and favourable pricing. A mild winter allowed for increased grower deliveries and a fluid rail and vessel pipeline. For the six months ended April 30, 2012, industry shipments of the six major grains increased to 18.9 million tonnes, compared to 15.7 million tonnes in the corresponding period of the previous year.

Viterra's North American shipments for the three months ended April 30, 2012 were 4.3 million tonnes, which compares favourably to 3.7 million tonnes shipped in the comparable period of fiscal 2011. For the six months ended April 30, 2012 shipments increased 23% to 8.7 million tonnes from 7.1 million tonnes in the corresponding period of fiscal 2011. The increase in both periods reflects strong demand from export destinations and strong producer selling. Producers were motivated to sell their grain due to strong commodity prices and ease of delivery given the mild winter. With higher shipments, Viterra's port terminal receipts into the West Coast and Thunder Bay facilities also increased. Approximately 85% of the export volumes in both periods were handled through Viterra's West Coast ports.

In South Australia, crop production for the 2012 harvest is estimated at 7.7 million tonnes according to the Australian Bureau of Agricultural and Resource Economics and Sciences ("ABARES").This is above the historical average of about 6.2 million tonnes but below last year's strong production of 9.5 million tonnes.

During the second quarter, Viterra received 0.1 million tonnes (2011 – 0.3 million tonnes) of grains, oilseeds and special crops into its south Australian storage and handling system, bringing aggregate receipts for the first six months of fiscal 2012 to 6.6 million tonnes (2011 – 8.5 million tonnes). These volumes represent the vast majority of the available crop from the 2012 harvest.

For the second quarter the Company shipped a record 2.5 million tonnes (2011 – 2.4 million tonnes) through its port terminals in Australia, bringing shipment volumes for the first half of the fiscal year to 4.6 million tonnes (2011 – 4.0 million tonnes). The strong shipping program was supported by ample grain volumes from the 2012 harvest and carry-over stocks, plus strong demand from destination customers.

During the three and six month periods ended April 30, 2012, Viterra purchased for its own account approximately 31% and 36% of the volumes which moved through its south Australian system. Those volumes were on par with the corresponding periods of 2011.

Grain Handling and Marketing *(in thousands - except margins)*	**Three Months ended April 30, 2012**	**2011**	*Better (Worse)*	**Six Months ended April 30, 2012**	**2011**	*Better (Worse)*
Revenue	**$ 2,720,120**	$ 2,045,241	*$ 674,879*	**$ 5,773,902**	$ 3,987,875	*$ 1,786,027*
Cost of sales	**2,471,439**	1,831,069	*(640,370)*	**5,228,155**	3,475,262	*(1,752,893)*
Gross profit	**$ 248,681**	$ 214,172	*$ 34,509*	**$ 545,747**	$ 512,613	*$ 33,134*
Operating, general and administrative expenses	**136,263**	115,912	*(20,351)*	**278,053**	240,418	*(37,635)*
Add back: Depreciation and amortization	**28,806**	25,678	*3,128*	**56,737**	51,286	*5,451*
EBITDA	**$ 141,224**	$ 123,938	*$ 17,286*	**$ 324,431**	$ 323,481	*$ 950*
Consolidated global pipeline *(tonnes)*						
North American shipments	**4,288**	3,652	*636*	**8,700**	7,126	*1,574*
Australian receipts	**50**	271	*(221)*	**6,609**	8,509	*(1,900)*
Total pipeline	**4,338**	3,923	*415*	**15,309**	15,635	*(326)*
Consolidated pipeline margin *(per tonne)*	**N/A**	N/A	*N/A*	**$ 35.65**	32.79	*$ 2.86*

Revenues for the Grain Handling and Marketing reportable segment increased $0.7 billion during the quarter and $1.8 billion in the first half of the fiscal year mainly due to increased third-party origination and merchandising activity from the expanded International Grain group.

Gross profit contributions for the Grain Handling and Marketing reportable segment totalled $249 million (2011 - $214 million) for the second quarter and $546 million (2011 – $513 million) year to date. The second quarter results improved over the prior year due to additional shipping volumes from the North American and Australian operations and solid results from the Company's international grain marketing activities. On a year-to-date basis strong global grain shipments and a higher per tonne margin were partially offset by lower grain receipts in South Australia as the prior year benefited from a strong crop here. The Company's grain handling and marketing margin for the first six months of fiscal 2012 increased to $35.65 per tonne compared to $32.79 per tonne in the corresponding period of fiscal 2011 due to higher global shipments and increased handling fees.

OG&A expenses excluding depreciation and amortization for the segment were $107 million in the second quarter of fiscal 2012 compared to $90 million in the same period last year. This brought the year-to-date total to $221 million compared to $189 million the corresponding period of fiscal 2011. The increase in both periods was due to costs associated with the increased global shipments, providing an increased level of service to Australian producers, the timing of repairs and maintenance and incremental costs associated with the new international marketing offices, the Port of Montreal and the Minot special crop processing facility.

EBITDA increased to $141 million in the second quarter versus $124 million in the same period last fiscal year. The North American operations contributed $78 million (2011 - $60 million), Australia contributed $54 million (2011 - $66 million) and the International Grain group contributed $9 million (2011 - $(2) million).

Year-to-date EBITDA for the segment was $324 million (2011 - $323 million) with North American operations contributing $138 million (2011 - $112 million), Australia $169 million (2011 - $180 million) and the International Grain group $17 million (2011 - $31 million).

<u>Outlook</u>

The Company reiterates its global pipeline margin guidance for fiscal 2012 at $38 to $41 per tonne.

In South Australia, the Company expects shipments to be strong throughout the year given the volume of grain in its system and ongoing solid demand from key export markets. To complement the 6.6 million tonnes received into the Company's system during the first half of fiscal 2012, there was approximately 1.8 million tonnes of carry-in stocks from fiscal 2011. Viterra currently estimates carry-over stocks into fiscal 2013 to range between 0.5 million and 0.9 million tonnes.

In North America, solid agri-commodity pricing is expected to lead to a continued draw down of on-farm stocks. Given the strength of volumes shipped in the first half of the fiscal year, Viterra believes that Canadian Grain Commission ("CGC") marketings will be approximately 32.0 million to 34.0 million tonnes for the 12 months ended October 31, 2012. This is an increase from its previous estimate of 31.0 to 33.0 million tonnes.

With the expected implementation of the *Marketing Freedom for Grain Farmers Act,* as of August 1, 2012 producers in Western Canada will benefit from the ability to market their wheat, barley and durum to buyers of their choice. In this new environment, Viterra expects to increase its earnings by leveraging its global grain marketing network, attracting additional volumes and optimizing its operational efficiencies.

2.2 Agri-Products

Agri-products *(in thousands - except margins)*	**Three Months ended April 30, 2012**	Three Months ended April 30, 2011	*Better (Worse)*	**Six Months ended April 30, 2012**	Six Months ended April 30, 2011	*Better (Worse)*
Revenue	**$ 691,008**	$ 433,741	*$ 257,267*	**$ 1,108,019**	$ 726,312	*$ 381,707*
Cost of sales	**575,623**	369,885	*(205,738)*	**932,674**	611,581	*(321,093)*
Gross profit	**$ 115,385**	$ 63,856	*$ 51,529*	**$ 175,345**	$ 114,731	*$ 60,614*
Add back: Depreciation	**2,940**	2,707	*233*	**5,527**	5,389	*138*
Adjusted gross profit	**$ 118,325**	$ 66,563	*$ 51,762*	**$ 180,872**	$ 120,120	*$ 60,752*
Operating, general and administrative expenses	**64,350**	51,969	*(12,381)*	**119,907**	101,267	*(18,640)*
Add back: Depreciation and amortization	**9,609**	7,099	*2,510*	**17,954**	13,419	*4,535*
EBITDA	**$ 63,584**	$ 21,693	*$ 41,891*	**$ 78,919**	$ 32,272	*$ 46,647*
Operating highlights						
Revenue	**$ 691,008**	$ 433,741	*$ 257,267*	**$ 1,108,019**	$ 726,312	*$ 381,707*
Fertilizer	**280,351**	154,410	*125,941*	**524,666**	329,389	*195,277*
Crop protection	**39,175**	17,800	*21,375*	**44,583**	23,022	*21,561*
Seed	**170,433**	111,623	*58,810*	**172,824**	112,743	*60,081*
Wool	**131,886**	128,966	*2,920*	**266,297**	224,469	*41,828*
Fuel	**45,465**	-	*45,465*	**53,452**	-	*53,452*
Equipment sales and other revenue	**21,008**	16,533	*4,475*	**38,401**	28,610	*9,791*
Financial products	**2,690**	4,409	*(1,719)*	**7,796**	8,079	*(283)*
				-		
Fertilizer volume *(tonnes)*	**441**	279	*162*	**833**	652	*181*
Fertilizer margin *(per tonne)*	**$ 113.51**	$ 108.76	*$ 4.75*	**$ 127.35**	$ 103.01	*$ 24.34*

Revenues for the Agri-Products reportable segment were $691 million in the second quarter, up 59% from the same three month period of fiscal 2011. The increase reflects stronger fertilizer pricing and sales volumes, the new fuel business in Western Canada, as well as higher crop protection product and seed sales. Favourable spring weather resulted in an early start to spring seeding, and caused some of Viterra’s crop input sales to move from the third quarter into the second quarter. On a year-to-date basis, sales increased by 53% from the corresponding period of fiscal 2011 due to the same factors previously discussed. In addition, wool revenues increased as the Company expanded into the New Zealand market.

Adjusted gross profit from the reportable segment increased to $118 million compared to $67 million in the second quarter of fiscal 2011. The strong second quarter results brought gross profit for the first half of fiscal 2012 to $181 million, an increase of 51% from the corresponding period of fiscal 2011. The majority of these increases relate to fertilizer contributions as higher fertilizer sales volumes were complimented by strong margins. Fertilizer margins improved due to increased selling prices and higher contributions from manufactured product as a result of low natural gas prices. In addition, the timing of fertilizer, crop protection product and seed sales from the third quarter to the second quarter resulted in increased adjusted gross profit.

OG&A expenses, excluding depreciation and amortization, increased to $55 million for the second quarter and to $102 million in the first six months of the fiscal year.

Increases in both periods were primarily attributable to costs associated with greater sales activity and the new fuel business.

Robust fertilizer contributions and an early start to seeding drove EBITDA for the second quarter to a record $64 million compared to $22 million from the same period last year. For the first six months of fiscal 2012 segment EBITDA was $79 million, more than doubling the previous year's six month EBITDA results of $32 million.

Outlook

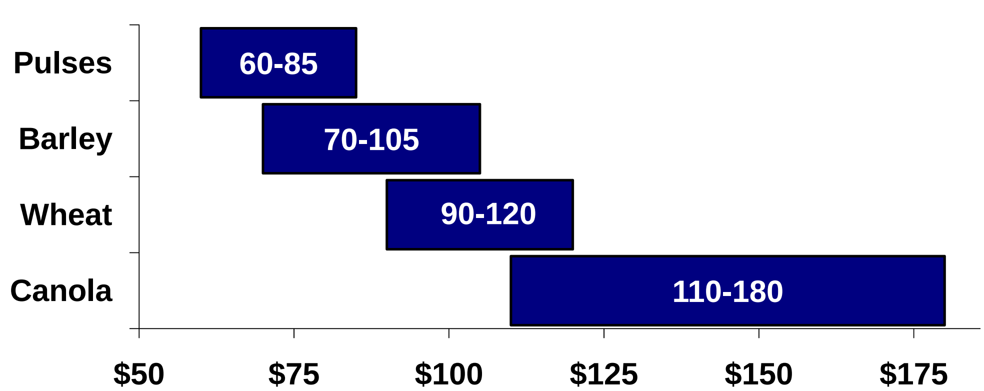
Fundamentals for the Agri-Products segment are expected to remain strong in the second half of fiscal 2012 due to relatively strong commodity prices that should continue to drive solid returns for producers and their demand for crop inputs. In addition, favourable weather conditions in Western Canada should increase seeded acreage.

With the vast majority of seeding complete in Western Canada, Viterra estimates that total seeded acreage in this region should total approximately 60.0 million acres in the 2012 season. This exceeds the 55.4 million acres planted in 2011 and would be on par with the historical average. The increase in acreage is primarily due to the return to production of acres which were affected by excess moisture in the spring of 2011.

According to Statistics Canada, western Canadian canola plantings are also expected to increase by about 10% to 20.3 million acres in the upcoming season, compared to the record 18.7 million acres planted in 2011. The increase is being driven by strong pricing and tight stocks of the oilseed in Western Canada. Canola acreage is an important driver of crop input sales in Western Canada as this crop requires significantly more inputs per acre than either cereals or special crops, as shown in the table below.

Average Crop Input Costs In Canada

Range ($ per acre)



Source: Viterra Estimates

Viterra is increasing its fertilizer margin guidance to $120 to $140 per tonne for fiscal 2012 from its previous guidance range of $115 to $135 per tonne. Strong agri-commodity pricing, increased seeded acreage in Western Canada and higher nutrient requirements from excess moisture in the last two years should continue to support strong fertilizer demand as the spring season progresses. Fertilizer movement to farm has been strong in the first half of fiscal 2012, which also supports these expectations.

2.3 Processing

Processing *(in thousands - except margins)*	**Three Months ended April 30, 2012**	**2011**	*Better (Worse)*	**Six Months ended April 30, 2012**	**2011**	*Better (Worse)*
Revenue	**$ 326,864**	$ 231,120	*$ 95,744*	**$ 637,382**	$ 464,362	*$ 173,020*
Cost of sales	**293,204**	207,545	*(85,659)*	**575,468**	400,704	*(174,764)*
Gross profit	**$ 33,660**	$ 23,575	*$ 10,085*	**$ 61,914**	$ 63,658	*$ (1,744)*
Add back: Depreciation	**8,041**	8,317	*(276)*	**16,071**	16,665	*(594)*
Adjusted gross profit	**$ 41,701**	$ 31,892	*$ 9,809*	**$ 77,985**	$ 80,323	*$ (2,338)*
Operating, general and administrative expenses	**14,984**	11,929	*$ (3,055)*	**28,932**	24,333	*$ (4,599)*
Add back: Depreciation and amortization	**896**	870	*26*	**1,780**	1,908	*(128)*
EBITDA	**$ 27,613**	$ 20,833	*$ 6,780*	**$ 50,833**	$ 57,898	*$ (7,065)*
Sales volumes *(tonnes)*						
Malt	**130**	119	*11*	**239**	245	*(6)*
Pasta	**56**	56	*-*	**110**	110	*-*
Oats	**85**	91	*(6)*	**178**	194	*(16)*
Canola	**138**	42	*96*	**258**	80	*178*
Feed - New Zealand	**29**	32	*(3)*	**64**	75	*(11)*
Operating margin ($ per tonne sold)						
Average margin - food processing	**$ 100.33**	$ 98.96	*$ 1.37*	**$ 96.97**	$ 123.66	*$ (26.69)*
Average margin - feed processing	**$ 22.93**	$ 27.82	*$ (4.89)*	**$ 29.14**	$ 54.08	*$ (24.94)*

Revenues from continuing operations for the Processing reportable segment for the second quarter were $327 million, an increase of $96 million from the comparable period of 2011, bringing year-to-date contributions to $637 million (2011 - $464 million). These increases were driven by higher selling prices due to higher raw material costs for some commodities, increased canola sales volumes in Canada, and incremental revenue from the new canola crushing facility in southern China.

Adjusted gross profit from continuing operations in the second quarter increased to $42 million from $32 million in fiscal 2011. The increase primarily reflects improved contributions from the Company's pasta and canola operations. Despite an increased proportion of lower-margin canola volumes in the product mix, the food processing margin for the second quarter was $100.33 per tonne, an improvement from $98.96 per tonne from the corresponding period a year earlier. The second quarter margin benefited from lower raw materials costs in the pasta business and improved margins in the canola operations due to additional higher-margin specialty oil sales. On a year-to-date basis, the food processing margin was $96.97 per tonne compared to $123.66 per tonne in the corresponding period of fiscal 2011. Lower year-to-date margins were a result of temporary softening in pasta margins during the first quarter of this year and a greater proportion of canola volumes in the product mix.

Viterra's malt operations generated an adjusted gross profit of $12 million in the second quarter (2011 - $11 million), bringing year-to-date contributions to $22 million (2011 - $27 million). Malt margins continue to be pressured by overcapacity and tight competition in the international malt market.

The pasta processing operations contributed $15 million (2011 - $11 million) to adjusted gross profit in the quarter and $25 million year to date (2011 - $30 million). Second quarter contributions improved as margins benefited from favourable raw material pricing. Pasta sales continue to reflect strong demand in the U.S. market.

Oat processing generated adjusted gross profit of $10 million in the quarter (2011 – $9 million), bringing year-to-date contributions to $21 million (2011 - $23 million). Margins remained solid in the first half of the fiscal year, however sales volumes were down slightly from the prior year, primarily due to the elimination of certain product lines in the Company's U.S. flour milling operation.

Adjusted gross profit contributions from the canola processing operations totalled $4 million (2011 - $(1) million) in the second quarter, bringing gross profit for the first six months of fiscal 2012 to $8 million (2011 – $(3) million). Volumes and margins per tonne increased in the three and six month periods ended April 30, 2012, reflecting solid contributions from the new facility in south China and improvements from the facility in Western Canada due to additional higher margin specialty oil sales.

OG&A expenses from continuing operations excluding depreciation and amortization for the Processing segment were $14 million for the second quarter (2011 - $11 million) and $27 million year to date (2011 - $22 million). Start-up costs associated with the new malt plant in Australia created additional one-time OG&A expenses during the second quarter. The plant began operating late in the second quarter.

The Processing segment's EBITDA (excluding the North American feed operations) for the second quarter was $28 million (2011 - $21 million) and $51 million on a year-to-date basis (2011 - $58 million). Improved pasta and canola contributions increased food processing contributions to $29 million for the second quarter (2011- $21 million) and $52 million on a year-to-date basis (2011 - $59 million). The New Zealand feed operations' results were comparable to the corresponding period of the prior year for both the three and six months ended April 30, 2012.

<u>Outlook</u>

The Company maintains its annual guidance range of $90 to $110 per tonne for its food processing operations in fiscal 2012.

Contributions from the oat and pasta processing operations are expected to remain consistent with historical levels in the second half of fiscal 2012.

Solid contributions from the canola processing operations are expected through fiscal 2012 as the Company continues its higher margin sales into the specialty oil market and additional contributions from the new 680,000 tonne joint venture canola processing facility in southern China.

In the Company's malt operations, contributions are expected to remain challenged in fiscal 2012. With tepid economic growth in both North America and Europe, beer sales are expected to remain sluggish in the near-term. For Viterra's malt operations in Australia results in the second half of fiscal 2012 should benefit from the commissioning of the highly-efficient Minto malt facility and competitively priced raw materials. The Company remains confident in the long-term outlook for its malt operations due to solid long-term industry fundamentals, which are expected to be supported by improving emerging market demand.

Following a strategic review process, Viterra completed the divestiture of its North American feed assets during the second fiscal quarter. Financial results from the North American feed operations have been recorded as discontinued operations. The transaction does not affect the New Zealand feed assets.

2.4 Corporate Expenses

Corporate Expenses *(in thousands)*	Three Months ended April 30, **2012**	2011	*Better (Worse)*	Six Months ended April 30, **2012**	2011	*Better (Worse)*
Operating, general and administrative expenses, excluding information technology costs and amortization	**$ 32,558**	24,294	*$ (8,264)*	**$ 49,296**	49,065	*$ (231)*
Amortization	**3,017**	2,234	*(783)*	**6,449**	4,642	*(1,807)*
Information technology expenses	**14,950**	13,585	*(1,365)*	**31,028**	25,811	*(5,217)*
Total operating, general and administrative expenses	**$ 50,525**	$ 40,113	*$ (10,412)*	**$ 86,773**	$ 79,518	*$ (7,255)*

Corporate expenses including amortization were $51 million for the second quarter of 2012 compared to $40 million in the same period of fiscal 2011. Excluding information technology, OG&A expenses increased as higher costs for share based compensation more than offset a foreign exchange gain related to transactions associated with inter-company financing. For the first half of fiscal 2012 corporate expenses were $87 million, an increase from $80 million in the corresponding period of fiscal 2011. The increase is primarily due to information technology expenses, related to achieving continuous improvements in operating efficiency and building competitive advantage.

3. Liquidity and Capital Resources

3.1 Cash Flow Information

The following summarizes the Company's cash flow provided by (used in) operating, financing and investing activities, as presented in the condensed financial statements.

Cash Flows *(in thousands)*	Three Months ended April 30, **2012**	2011	*Change*	Six Months ended April 30, **2012**	2011	*Change*
Cash flow provided by (used in) operating activities	**$ 220,208**	$ 103,320	*$ 116,888*	**$ (167,556)**	$ (437,605)	*$ 270,049*
Cash flow (used in) provided by financing activities	**(159,133)**	(170,559)	*11,426*	**157,805**	544,399	*(386,594)*
Cash flow provided by (used in) investing activities	**1,318**	(39,910)	*41,228*	**(84,075)**	(79,438)	*(4,637)*
	$ 62,393	$ (107,149)	*$ 169,542*	**$ (93,826)**	$ 27,356	*$ (121,182)*

Financing Activities

Key Financial Information *(in thousands - except ratios and percentages)*		**As at April 30,** **2012**		2011		*Change*
Cash and cash equivalents	**$**	**199,508**	$	178,254	*$*	*21,254*
Total debt		**1,395,183**		1,521,233		*(126,050)*
Total debt, net of cash and cash equivalents		**1,195,675**		1,342,979		*(147,304)*
Ratios						
Current ratio		**1.86 x**		1.89 x		*(0.03 x)*
Debt-to-total capital		**26.2%**		28.6%		*(2.4 pt)*
Long-term debt-to-total capital		**20.4%**		20.1%		*0.3 pt*

Viterra's balance sheet at April 30, 2012 remained strong with total debt-to-capital of 26.2% (28.6% at April 30, 2011). Viterra had $200 million in cash and cash equivalents and cash drawings of $130 million on its $2.1 billion revolving credit facility ("Global Credit Facility").

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 dividend rate, on June 11, 2012 the Board declared the semi-annual cash dividend of $0.075, payable on July 26, 2012 to shareholders of record on July 6, 2012. The dividend payment applies to holders of Viterra common shares, which trade on the Toronto Stock Exchange, and to holders of its CHESS depositary interests, which trade on the Australian Securities Exchange.

On June 11, 2012, the Board approved the redemption of the Series 2009-1 Senior Unsecured Notes ("Notes"). The Notes will be redeemed on or about July 12, 2012 for $306 million plus accrued interest, which includes an early redemption premium of $6 million. The redemption will be funded by cash on hand and a draw on the Company's Global Credit Facility.

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 Section 8).

Investing Activities

For the second quarter Viterra's total capital expenditures (excluding business acquisitions) were $46 million (2011 - $41 million), bringing Viterra's total capital expenditures for the first six months of fiscal 2012 to $108 million (2011 - $82 million). The Company invested in growth initiatives including its bulk fuel distribution business, the completion of the malt facility in Australia, grain infrastructure upgrades and transformational IT initiatives to support Viterra's global operating model.

On April 2, 2012, Viterra divested of its North American feed operations. The disposition agreement included all of Viterra's North American feed assets consisting of six feed mills and one pre-mix manufacturing facility in Canada and six feed mills and a commodity blending site in the United States. This transaction did not affect the New Zealand feed assets. See Note 6 (Discontinued Operations) in the Notes to the Condensed Consolidated Financial Statements for further details.

On April 23, 2012, Viterra acquired IPS Logistics, a container packing operation in Narrabri, New South Wales. The acquisition includes 75,000 tonnes of storage, a packing facility and integrated rail access to a port facility. See Note 5 (Business Acquisitions) in the Notes to the Condensed Consolidated Financial Statements for further details.

Capital spending for fiscal 2012 is expected to total between $260 million and $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.

Operating Activities

For the second quarter of fiscal 2012 , Viterra generated operating cash flow prior to working capital changes ("operating cash flow") (see Non-GAAP Measures in Section 3.2) from continuing operations of $122 million ($0.33 per share), compared to $74 million ($0.20 per share) a year earlier. This increase was mainly attributable to record EBITDA in the second quarter, primarily due to increased contributions from the Grain Handling and Marketing and Agri-Products segments. For the first half of fiscal 2012 the Company generated operating cash flow from continuing operations of $265 million ($0.71 per share), versus $262 million ($0.71 per share) in the corresponding period of fiscal 2011.

Free Cash Flow *(in thousands)*	**Three Months ended April 30, 2012**	Three Months ended April 30, 2011	*Better (Worse)*	**Six Months ended April 30, 2012**	Six Months ended April 30, 2011	*Better (Worse)*
Operating cash flow prior to working capital changes from continuing operations[1]	**$ 121,632**	$ 74,384	*$ 47,248*	**$ 264,614**	$ 262,261	*$ 2,353*
Property, plant and equipment expenditures	**39,264**	34,861	*(4,403)*	**96,375**	73,618	*(22,757)*
Intangible assets expenditures	**6,892**	6,013	*(879)*	**11,984**	8,634	*(3,350)*
Free cash flow[1]	**$ 75,476**	$ 33,510	*$ 41,966*	**$ 156,255**	$ 180,009	*$ (23,754)*

[1] *Please see section 3.2 Non-GAAP Measures Related to Liquidity and Capital Resources*

During the second quarter Viterra generated free cash flow from continuing operations of $75 million, an increase from $34 million in the corresponding period of fiscal 2011. For the first six months of fiscal 2012 free cash flow from continuing operations was $156 million, compared to $180 million in the corresponding period of fiscal 2011.

Non-Cash Working Capital

Non-cash Working Capital *(in thousands)*	**As at April 30,** **2012**	2011	*Change*
Inventories	**$ 2,045,192**	$ 2,002,096	*$ 43,096*
Accounts receivable	**1,234,674**	929,210	*305,464*
Derivatives assets	**204,583**	204,724	*(141)*
Prepaid expenses and deposits	**173,409**	192,620	*(19,211)*
Accounts payable and accrued liabilities	**(1,568,233)**	(1,263,933)	*(304,300)*
Derivatives liabilities	**(177,112)**	(116,650)	*(60,462)*
	$ 1,912,513	$ 1,948,067	*$ (35,554)*

Inventories at April 30, 2012 were $43 million higher than the corresponding date in fiscal 2011. Grain inventories increased as a result of higher average pricing, which was partially offset by a decrease in grain volumes on hand. Fertilizer inventories also increased as higher average prices were partially offset by lower volumes on hand at the end of the period.

Accounts receivable at April 30, 2012 were $1,235 million, an increase of $305 million from April 30, 2011. The higher accounts receivable were primarily due to the expansion of international grain marketing operations.

3.2 Non-GAAP Measures Related to Liquidity and Capital Resources

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 and current portion of long-term debt, or long-term debt as a measure of the Company's indebtedness.

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

Free cash flow from continuing operations is operating cash flow from continuing operations, net of capital expenditures, excluding business acquisitions. Free cash flow is used by Management to assess liquidity and financial strength. This measurement is also useful as an indicator of the Company's ability to service its debt, meet other payment obligations and make strategic investments. Readers should be aware that free cash flow does not represent residual cash flow available for discretionary expenditures.

These non-GAAP measures should not be considered in isolation of, or as a substitute for, GAAP measures such as (i) net earnings (loss), as an indicator of the Company's profitability and operating performance or (ii) cash flow from or used in operations, as a measure of the Company's ability to generate cash. Such measures do not have any standardized meanings prescribed by GAAP and are, therefore, unlikely to be comparable to similar measures presented by other corporations. Reconciliations of each of these terms are provided in the table below.

Reconciliations and Calculations
(in thousands - except percentages and ratios)

	For the Six months ended April 30,	**2012**	2011	*Better (Worse)*
	Cash from operating activities	**$ (167,556)**	$ (437,605)	*$ 270,049*
	Changes in non-cash working capital	**398,913**	696,243	*(297,330)*
	Operating cash flow prior to working capital changes	**231,357**	258,638	*(27,281)*
	Add: Net cash outflows from operating activities from discontinued operations	**33,257**	3,623	*29,634*
	Operating cash flow prior to working capital changes from continuing operations	**$ 264,614**	$ 262,261	*$ 2,353*
	Property, plant and equipment expenditures	**$ 96,375**	$ 73,618	*$ (22,757)*
	Intangible assets expenditures	**11,984**	8,634	*(3,350)*
	Free cash flow	**$ 156,255**	$ 180,009	*$ (23,754)*
	As at April 30, 2012			
	Current assets	**$ 3,857,366**	$ 3,506,904	*$ 350,462*
	Current liabilities	**2,075,582**	1,855,651	*219,931*
	Current ratio (current assets/current liabilities)	**1.86 x**	1.89 x	*(0.03 x)*
	Short-term borrowings	**$ 309,519**	$ 454,463	*$ (144,944)*
[A]	Long-term debt due within one year	**$ 1,627**	$ 1,937	*$ (310)*
[A]	Long-term debt	**1,084,037**	1,064,833	*19,204*
[B]	Total debt	**$ 1,395,183**	$ 1,521,233	*$ (126,050)*
[C]	Cash and cash equivalents	**$ 199,508**	$ 178,254	*$ 21,254*
	Total debt, net of cash and cash equivalents	**$ 1,195,675**	$ 1,342,979	*$ (147,304)*
[D]	Total equity	**$ 3,932,062**	$ 3,792,179	*$ 139,883*
[E]	Total capital [B + D]	**$ 5,327,245**	$ 5,313,412	*$ 13,833*
	Debt-to-total capital [B]/[E]	**26.2%**	28.6%	*2.4 pt*
	Long-term debt-to-total capital [A]/[E]	**20.4%**	20.1%	*(0.3 pt)*

3.3 Debt Ratings

The following table summarizes the Company's current credit ratings. The trend on all of Viterra's ratings has changed from those noted in the Company's annual MD&A.

	Corporate Rating	Senior Unsecured Notes	Trend
Standard & Poor's	BBB-	BBB-	Credit watch with developing implications
DBRS Limited	BBB (Low)	BBB (Low)	Under review with developing implications
Moody's Investors Service	Ba1	Ba1	Under review for upgrade

Standard and Poor's placed its ratings on Viterra on credit watch with developing implications, following the Company's announcement that it has established a board-level process that could culminate with the Company being acquired.

Following the Company's disclosure that it had entered into exclusive discussion with third parties over the sale of the Company, DBRS Limited placed Viterra's ratings under review.

Moody's placed its ratings on Viterra under review for upgrade following the announcement that the Company signed a definitive agreement to be acquired by Glencore.

4. Outstanding Share Data

The market capitalization of the Company's 371.7 million issued and outstanding shares at June 7, 2012 was $6.0 billion or $16.12 per share. The issued and outstanding shares at June 7, 2012, together with securities convertible into common shares are summarized in the following table:

As at June 7, 2012	
Issued and outstanding common shares	371,728,266
Securities convertible into common shares - stock options	2,405,033
Securities redeemable for common shares - share units	1,132,080
	375,265,379

As of June 7, 2012, there were 19.4 million outstanding CHESS Depository Interests, which trade on the ASX.

5. Other Matters

5.1 Accounting Policy Changes

5.1.1 International Financial Reporting Standards

In February 2008, the Accounting Standards Board ("AcSB") announced that 2011 is the changeover date for publicly accountable enterprises to replace CGAAP with International Financial Reporting Standards ("IFRS"). The date relates to condensed and annual financial statements for fiscal years beginning on or after January 1, 2011.

Effective November 1, 2011, the Company began reporting under IFRS. The accounting policies, as described in detail in Note 3 of the condensed financial statements, have been applied in preparing the financial results for the three and six months ended April 30, 2012 and 2011, the financial results for the year ended October 31, 2011, and the Company's opening balance sheet as at November 1, 2010.

The impact of adopting IFRS on shareholders' equity, cash flows, net earnings and comprehensive income is disclosed in Note 19 to the condensed financial statements for the six-months ended April 30, 2012. Accordingly, the Company's 2011 fiscal year comparative financial information, previously reported under CGAAP, has been restated to be in accordance with IFRS.

5.1.2 Future Accounting Changes

The following new accounting pronouncements have not been adopted as they apply to future periods. They may result in future changes to the Company's existing accounting policies and other note disclosure. The Company has not completed its evaluation of the effect of adopting these standards on its financial statements.

IFRS 9 - *Financial Instruments,* effective for fiscal years that begin on or after January 1, 2015, is the first phase of a multi-phase project to replace IAS 39 *Financial Instruments: Recognition and Measurement*, and applies to the classification and measurement of financial assets and liabilities. IFRS 9 replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classifications; amortized cost and fair value. In addition, for financial liabilities that are measured at fair value, IFRS 9 requires that an entity present the portion of any change in its fair value that is due to changes in the entity's own credit risk in other comprehensive income, rather than through net earnings. Phases to address impairment methodology and hedge accounting remain under development.

IFRS 10 - *Consolidated Financial Statements* builds on existing principles and standards and identifies the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company.

IFRS 11 - *Joint Arrangements* establishes the principles for financial reporting by entities when they have an interest in arrangements that are jointly controlled.

IFRS 12 - *Disclosure of Interest in Other Entities* provides the disclosure requirements for interests held in other entities including joint arrangements, associates, special purpose entities and other off balance sheet entities.

IFRS 13 - *Fair Value Measurement* defines fair value, requires disclosure about fair value measurements and provides a framework for measuring fair value when it is required or permitted within the IFRS standards.

IAS 1 - *Financial Statements Presentation*, effective for fiscal years after July 1, 2012, was amended to address the presentation of other comprehensive income and requires the grouping of items within other comprehensive income that might eventually be reclassified to the net earnings section of other comprehensive income.

IAS 19 - *Employee Benefits* was amended and includes the requirement to recognize all changes in the net defined benefit liability (asset) when they occur such that service costs and net interest is recognized in net earnings while re-measurements are recorded in other comprehensive income.

IAS 28 - *Investments in Associates and Joint Ventures* revised the existing standard and prescribes the accounting for investments and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

IAS 32 - *Financial Instruments: Presentation*, effective for fiscal years that begin on or after January 1, 2014, was amended to clarify the meaning of certain terms used to decide when financial assets and financial liabilities can be offset.

5.2 Critical Accounting Judgments and Estimates

The preparation of financial statements requires Management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, Management evaluates its judgments and estimates in relation to assets, liabilities, revenues and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

Areas which Management believes require the most critical accounting judgments and estimates are:

Decommissioning Obligations

Decommissioning obligations are recognized in the financial statements at the net present value of the estimated future expenditure required to settle the Company's restoration obligations. Estimates of decommissioning costs are subject to uncertainty associated with the method, timing and extent of future decommissioning activities. Management applies judgment to determining probability weighted estimates of expected costs and anticipated timing of the decommissioning obligations. A risk free rate is applied to the expected costs to recognize the time value of money and the obligations are unwound over the life of the provisions through a charge to finance costs in net earnings.

Employee Benefits

The Company operates defined benefit pension and other employee benefit plans for which actuarial valuations are required. Pension and other future benefit costs are assessed with Management's best estimates using the advice of an independent qualified actuary and assumptions in the latest actuarial valuations. The assumptions are based on information supplied to the actuary by Management, supplemented by discussions between the actuary and Management. The principal assumptions are the discount rates used on the accrued benefit obligations and expenses, the expected long-term rate of return on plan assets, the rate of compensation increase, and assumed health care cost trend rates.

Cash Generating Units

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units). Management determines which groups of assets are capable of generating cash inflows that are largely independent of other operations within the Company. To create these groupings, Management makes critical judgments about where active markets exist including an analysis of the degree of autonomy various operations have in negotiating prices with customers.

Allowance for Doubtful Accounts

Provision is made against accounts that, in the estimation of Management, may not be collectible. Within each of the operating segments, a quarterly assessment is performed on the recoverability of accounts receivable based on a range of factors including the age of the receivable and the creditworthiness of the customer. Determining the recoverability of an account involves estimation as to the likely financial condition of the customer and their ability to subsequently make payment.

Fair Value of Financial Instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Where a valuation model is used to determine fair value, it makes maximum use of observable inputs, including valuations determined by unadjusted quoted prices in active markets and market standard pricing models that use observable inputs. Financial instruments whose fair value is determined, at least in part, using unobservable inputs require measurement that is more subjective in nature.

The methods and assumptions used by Management in estimating fair value of the Company's financial instruments where measurement is required are set out in note 3 of the condensed financial statements. An analysis of financial instruments carried at fair value by valuation technique, together with a sensitivity analysis of valuations, is included in note 17 of the condensed financial statements.

Inventories

Inventories, except for commodity inventories carried at fair value, are evaluated to ensure they are carried at the lower of cost or net realizable value.

Estimates and assumptions are required in the determination of fair values of commodity inventories, particularly for those commodity inventories where exchange-traded prices are not available. For these inventories, Management assesses the available quoted market prices and applies judgment in determining the effect of local market conditions on those prices.

Carrying Value of Property, Plant and Equipment and Intangible Assets with Definite Useful Lives

Estimated useful lives of property, plant and equipment and intangible assets are based on Management's judgment and experience. When Management identifies that the actual useful lives for these assets differ materially from the estimates used to calculate depreciation and amortization, that change is adjusted prospectively. Due to the significance of capital investment to the Company, variations between actual and estimated useful lives could impact operating results both positively and negatively. Asset lives, depreciation and amortization methods, and residual values are reviewed annually and, historically, changes to estimates of remaining useful lives have not been material.

Impairment of Goodwill and Intangible Assets with Indefinite Useful Lives

The Company records all assets and liabilities acquired in business acquisitions, including goodwill and intangible assets, at fair value. Goodwill and intangible assets with an indefinite useful life are assessed at least annually for impairment. The initial goodwill and intangible assets recorded and subsequent impairment analysis requires Management to make estimations of future cash flows, terminal values and an assessment of the long-term pre-tax discount rate to be applied to those cash flows which reflects an assessment of the cost of capital of the cash generating unit.

Income Taxes

The Company is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes and the Company's income tax provisions reflect Management's interpretation of country-specific tax law. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business and may remain uncertain for several years after their occurrence. The Company recognizes assets and liabilities for taxation when it is probable that the relevant taxation authority will require the Company to receive or pay taxes. Where the final outcome of the determination of tax assets and liabilities is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provision in the period in which such determination is made.

Changes in tax law or changes in the way that tax law is interpreted may also impact the Company's effective tax rate as well as its business and operations. For example, on April 18th, 2012, the Australian government released draft tax legislation for consultation which will amend, with retroactive effect, the "residual tax cost setting" rules which applied to the Company's acquisition of ABB in 2009 and Ausbulk in 2004. It is expected that the draft legislation will be modified before being presented to Parliament. The Company will determine the effect, if any, when the legislation is in final form and substantially enacted, as expected to occur in June, 2012.

Purchase Price Allocation

Accounting for business combinations requires the allocation of the Company's purchase price to the various assets and liabilities of the acquired business at their respective fair values. The Company uses all available information to make these fair value determinations, and for major acquisitions, may hire an independent appraisal firm to assist in making fair value estimates. In some instances, assumptions with respect to the timing and amount of future revenues and expenses associated with an asset may be used to determine its fair value. Actual timing and amount of net cash flows from revenues and expenses related to that asset over time may differ materially from those initial estimates, and if the timing is delayed significantly or if the net cash flows decline significantly, the asset could become impaired.

6. Risks and Risk Management

Viterra faces certain risks which can impact its financial performance. For information on risks and risk management, readers should review the MD&A for the fiscal year ended October 31, 2011, which is available on Viterra's website at www.viterra.com, as well as on SEDAR at www.sedar.com, under Viterra Inc. For information on risk factors relating to the Arrangement with Glencore, readers should also review the Company's management information circular dated April 26, 2012 available on SEDAR at www.sedar.com and on the ASX company announcements platform at www.asx.com.au.

7. Evaluation of Disclosure and Procedures

Management, including the President and Chief Executive Officer and Chief Financial Officer, has evaluated the design of Viterra's disclosure controls and procedures and internal controls over financial reporting (as defined in National Instrument 52-109 of the Canadian Securities Administrators) as of April 30, 2012. There have been no significant changes required to internal controls over financial reporting and no significant changes required to disclosure controls and procedures 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 are presented under IFRS in 2012. Management has concluded that, as of April 30, 2012, Viterra's disclosure controls and procedures and internal controls over financial reporting are designed effectively to provide reasonable assurance that material information relating to Viterra and its consolidated subsidiaries and joint ventures would be made know to them by others within those entities, particularly during the period in which this report was being prepared.

8. 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, contingent liabilities and information regarding the completion of the Arrangement with Glencore. 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 2012 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;
- 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, the ability of Viterra and Glencore to satisfy or waive the conditions to the completion of the Arrangement and consummate the Arrangement prior to the agreed upon outside date, and that the receipt of necessary regulatory approvals may not be obtained on the terms expected or on the anticipated schedule. 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.