

## CONDENSED CONSOLIDATED BALANCE SHEETS

(thousands of Canadian dollars)

(unaudited)

As at	April 30, 2012	April 30, 2011	October 31, 2011	November 1, 2010 (note 19)
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	165,160	62,071	106,296	66,589
Short-term investments	34,348	116,183	191,764	88,204
Accounts receivable (note 9)	1,234,674	929,210	1,123,258	738,603
Derivative assets (note 17)	204,583	204,724	154,481	217,282
Inventories (note 10)	2,045,192	2,002,096	1,568,410	1,211,887
Prepaid expenses and deposits	173,409	192,620	107,871	107,374
	<b>3,857,366</b>	<b>3,506,904</b>	<b>3,252,080</b>	<b>2,429,939</b>
<b>Property, plant and equipment</b> (note 11)	<b>2,520,747</b>	<b>2,535,087</b>	<b>2,561,836</b>	<b>2,518,709</b>
<b>Other assets</b>	<b>46,484</b>	<b>48,789</b>	<b>48,990</b>	<b>50,490</b>
<b>Long-term derivative assets</b> (note 17)	<b>1,575</b>	<b>7,411</b>	<b>21,297</b>	<b>35,393</b>
<b>Intangible assets</b>	<b>164,131</b>	<b>153,562</b>	<b>155,515</b>	<b>154,915</b>
<b>Goodwill</b>	<b>784,921</b>	<b>772,109</b>	<b>772,527</b>	<b>772,233</b>
<b>Deferred tax assets</b>	<b>10,252</b>	<b>-</b>	<b>1,551</b>	<b>16,730</b>
	<b>7,385,476</b>	<b>7,023,862</b>	<b>6,813,796</b>	<b>5,978,409</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities</b>				
Short-term borrowings and long-term debt due within one year (note 12)	311,146	456,400	127,544	63,972
Accounts payable and accrued liabilities (note 13)	1,568,233	1,263,933	1,298,680	900,538
Derivative liabilities (note 17)	177,112	116,650	134,928	193,572
Decommissioning and other provisions	19,091	18,668	22,720	16,431
	<b>2,075,582</b>	<b>1,855,651</b>	<b>1,583,872</b>	<b>1,174,513</b>
<b>Long-term debt</b>	<b>1,084,037</b>	<b>1,064,833</b>	<b>1,085,680</b>	<b>896,834</b>
<b>Decommissioning and other provisions</b>	<b>47,770</b>	<b>47,536</b>	<b>48,430</b>	<b>47,005</b>
<b>Other liabilities</b>	<b>88,943</b>	<b>65,519</b>	<b>85,491</b>	<b>64,663</b>
<b>Long-term derivative liabilities</b> (note 17)	<b>1,247</b>	<b>3,234</b>	<b>7,022</b>	<b>27,362</b>
<b>Deferred tax liabilities</b>	<b>155,835</b>	<b>194,910</b>	<b>136,626</b>	<b>163,385</b>
	<b>3,453,414</b>	<b>3,231,683</b>	<b>2,947,121</b>	<b>2,373,762</b>
<b>Shareholders' equity</b>				
Share capital	3,027,187	3,026,578	3,026,711	3,025,491
Equity settled employee benefits reserve	10,121	8,559	9,550	8,099
Retained earnings	854,447	688,428	737,521	576,168
Accumulated other comprehensive income (loss)	40,307	68,614	92,893	(5,111)
	<b>3,932,062</b>	<b>3,792,179</b>	<b>3,866,675</b>	<b>3,604,647</b>
	<b>7,385,476</b>	<b>7,023,862</b>	<b>6,813,796</b>	<b>5,978,409</b>

See accompanying notes to the condensed consolidated financial statements

## CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(thousands of Canadian dollars, except per share amounts)

(unaudited)

	Three months ended April 30,		Six months ended April 30,	
	2012	2011	2012	2011
<b>CONTINUING OPERATIONS</b>				
Revenues	3,548,025	2,558,365	7,110,996	4,888,234
Cost of sales	3,150,299	2,256,762	6,327,990	4,197,232
Gross profit	397,726	301,603	783,006	691,002
Operating, general and administrative expenses	266,122	219,923	513,665	445,536
Loss (gain) on disposal of assets	210	529	(2,985)	(330)
Transaction costs (note 1)	8,957	-	8,957	-
Finance costs (note 7)	29,912	35,255	58,516	65,602
Earnings before tax	92,525	45,896	204,853	180,194
Income tax expense	20,694	15,117	47,894	48,348
Net earnings from continuing operations	71,831	30,779	156,959	131,846
<b>DISCONTINUED OPERATIONS</b>				
Net loss from discontinued operations (note 6)	(4,718)	(620)	(12,156)	(1,006)
<b>NET EARNINGS</b>	<b>67,113</b>	<b>30,159</b>	<b>144,803</b>	<b>130,840</b>
<b>Earnings (loss) per share (note 8)</b>				
Basic and diluted earnings per share from continuing operations	0.19	0.08	0.42	0.35
Basic and diluted loss per share from discontinued operations	(0.01)	-	(0.03)	-
Basic and diluted earnings per share	0.18	0.08	0.39	0.35

See accompanying notes to the condensed consolidated financial statements

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(thousands of Canadian dollars)

(unaudited)

	Three months ended April 30,		Six months ended April 30,	
	2012	2011	2012	2011
<b>Net earnings</b>	<b>67,113</b>	30,159	<b>144,803</b>	130,840
<b>Other comprehensive (loss) income, net of tax</b>				
Exchange differences on translating foreign operations				
Unrealized effect of foreign currency translation of foreign operations	<b>(84,844)</b>	52,664	<b>(55,912)</b>	40,041
Unrealized gain on hedging instruments designated as hedges of the net assets of foreign operations	<b>8,500</b>	18,268	<b>5,591</b>	24,009
	<b>(76,344)</b>	70,932	<b>(50,321)</b>	64,050
Available for sale financial assets				
Unrealized loss on available for sale assets	-	-	-	(1)
	-	-	-	(1)
Cash flow hedges				
Unrealized gain (loss) on cash flow hedges	<b>30</b>	7,745	<b>(544)</b>	10,283
Reclassification to earnings of gain on cash flow hedges	<b>(823)</b>	(2,181)	<b>(1,721)</b>	(607)
	<b>(793)</b>	5,564	<b>(2,265)</b>	9,676
<b>TOTAL COMPREHENSIVE (LOSS) INCOME</b>	<b>(10,024)</b>	<b>106,655</b>	<b>92,217</b>	<b>204,565</b>

See accompanying notes to the condensed consolidated financial statements

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(thousands of Canadian dollars)

(unaudited)

	Number of Common Shares, (millions) <sup>(a)</sup>	Share Capital	Equity Settled Employee Benefits Reserve	Accumulated Other Comprehensive Income (Loss)				Total Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Shareholders' Equity
				Foreign Currency Translation	Net Investment Hedge	Available for Sale Financial Assets	Cash Flow Hedges			
<b>As at November 1, 2010</b>	372	3,025,491	8,099			(3)	(5,108)	(5,111)	576,168	3,604,647
Net earnings									130,840	130,840
Other comprehensive income, net of income tax				40,041	24,009	(1)	9,676	73,725		73,725
<b>Total comprehensive income for the period</b>				40,041	24,009	(1)	9,676	73,725	130,840	204,565
Share capital issued		1,087								1,087
Options exercised			(280)							(280)
Share-based compensation transactions			740							740
Dividends									(18,580)	(18,580)
<b>As at April 30, 2011</b>	<b>372</b>	<b>3,026,578</b>	<b>8,559</b>	<b>40,041</b>	<b>24,009</b>	<b>(4)</b>	<b>4,568</b>	<b>68,614</b>	<b>688,428</b>	<b>3,792,179</b>
<b>As at October 31, 2011</b>	372	3,026,711	9,550	90,443	4,599		(2,149)	92,893	737,521	3,866,675
Net earnings									144,803	144,803
Other comprehensive income, net of income tax				(55,912)	5,591		(2,265)	(52,586)		(52,586)
<b>Total comprehensive income for the period</b>				(55,912)	5,591		(2,265)	(52,586)	144,803	92,217
Share capital issued		476								476
Options exercised			(129)							(129)
Share-based compensation transactions			700							700
Dividends									(27,877)	(27,877)
<b>As at April 30, 2012</b>	<b>372</b>	<b>3,027,187</b>	<b>10,121</b>	<b>34,531</b>	<b>10,190</b>	<b>-</b>	<b>(4,414)</b>	<b>40,307</b>	<b>854,447</b>	<b>3,932,062</b>

<sup>(a)</sup> Authorized share capital consists of unlimited common shares

See accompanying notes to the condensed consolidated financial statements

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

(thousands of Canadian dollars)

(unaudited)

	Six months ended April 30,	
	2012	2011
<b>Cash flows from operating activities</b>		
Net earnings	144,803	130,840
Adjustments for non-cash items		
Depreciation and amortization	117,055	99,090
Income tax expense	44,314	48,263
Employee benefits	(2,875)	(942)
Finance costs	58,516	67,196
Gain on disposal of property, plant and equipment	(679)	(574)
Other	2,973	967
	<b>364,107</b>	<b>344,840</b>
Changes in non-cash working capital		
Increase in accounts receivable	(165,006)	(128,378)
(Increase) decrease in derivative assets	(50,102)	12,558
Increase in inventories	(491,917)	(773,645)
Increase in prepaid expenses and deposits	(62,223)	(85,416)
Increase in accounts payable and accrued liabilities	331,780	353,323
Increase (decrease) in derivative liabilities	42,184	(76,922)
(Decrease) increase in decommissioning and other provisions	(3,629)	2,237
Net changes in non-cash working capital	<b>(398,913)</b>	<b>(696,243)</b>
Cash used in operations	<b>(34,806)</b>	<b>(351,403)</b>
Interest paid	<b>(57,736)</b>	<b>(62,964)</b>
Income taxes paid	<b>(75,014)</b>	<b>(23,238)</b>
<b>Net cash used in operating activities</b>	<b>(167,556)</b>	<b>(437,605)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long-term debt	-	200,525
Repayment of long-term debt	(1,921)	(935)
Proceeds from short-term borrowings	187,260	376,475
Increase in share capital	476	807
Debt finance costs	(58)	(13,789)
Dividends paid	(27,877)	(18,580)
Other	(75)	(104)
<b>Cash provided by financing activities</b>	<b>157,805</b>	<b>544,399</b>
<b>Investing</b>		
Additions to property, plant and equipment	(96,375)	(73,618)
Proceeds on disposal of property, plant and equipment	5,382	1,385
Proceeds on disposal of assets held for sale	81,775	-
Business acquisitions (note 5)	(63,102)	-
Proceeds on disposal of investments	-	1,429
Additions to intangible assets	(11,984)	(8,634)
Other	229	-
<b>Cash used in investing activities</b>	<b>(84,075)</b>	<b>(79,438)</b>
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(93,826)</b>	<b>27,356</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>298,060</b>	<b>154,793</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(4,726)</b>	<b>(3,895)</b>
<b>Cash and cash equivalents, end of period</b>	<b>199,508</b>	<b>178,254</b>
<b>Cash and cash equivalents consist of:</b>		
Cash	165,160	62,071
Short-term investments	34,348	116,183
	<b>199,508</b>	<b>178,254</b>

See accompanying notes to the condensed consolidated financial statements

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the Period Ended April 30, 2012  
(thousands of Canadian dollars, except as noted)  
(unaudited)

### **1. Proposed Acquisition of Viterra by Glencore**

On March 20, 2012, Viterra Inc. (the “Company” or “Viterra”), 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 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, which include regulatory approvals, including those under the Investment Canada Act.

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 Viterra a termination payment of \$50 million.

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](http://www.sedar.com) and on the ASX company announcements platform at [www.asx.com.au](http://www.asx.com.au).

### **2. Corporate Information**

Viterra Inc. is incorporated under the laws of Canada with common shares listed under the symbol “VT” on the Toronto Stock Exchange and CHESSE Depository Interests (“CDIs”) listed under the symbol “VTA” on the Australian Securities Exchange. Viterra’s registered and head office is located at 2625 Victoria Avenue, Regina, Saskatchewan, Canada.

#### **Description of the Business**

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 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 unaffected by seasonal fluctuations.

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.

### **3. Significant Accounting Policies**

These condensed consolidated financial statements ("condensed financial statements") of Viterra as at and for the three and six months ended April 30, 2012 and 2011 were approved by the Board of Directors on June 11, 2012. The Company prepared the condensed financial statements in accordance with IAS 34 *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards ("IFRS").

These condensed financial statements are Viterra's second issued financial statements after its transition to reporting in accordance with IFRS and before the issuance of its first consolidated annual financial statements prepared in accordance with IFRS for the year ending October 31, 2012. These condensed financial statements use the accounting policies which the Company expects to adopt in its annual consolidated financial statements for the year ending October 31, 2012 and which are described in note 2 of the Company's condensed financial statements for the three months ended January 31, 2012.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in note 19. These condensed financial statements do not include all disclosures normally provided in consolidated annual financial statements and should be read in conjunction with our audited consolidated financial statements for the year ended October 31, 2011, prepared in accordance with pre-changeover Canadian generally accepted accounting principles ("CGAAP").

### **4. Critical Accounting Judgments and Estimates**

The preparation of condensed 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.

In preparing these condensed financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the condensed financial statements for the three months ended January 31, 2012.

## **5. Business Acquisitions**

### **Fiscal 2012**

On April 23, 2012, the Company acquired a container packing operation in Australia. Total consideration paid was \$11 million for property, plant and equipment and \$19 million for goodwill and intangible assets. The net assets are included in the Grain Marketing and Handling reporting segment. The results of operations are included in the Company's consolidated financial statements commencing from the date of acquisition.

On January 19, 2012, the Company acquired a commercial and farm fuel business in Western Canada. Total consideration paid was \$7 million for property, plant and equipment, \$13 million for intangible assets, and \$12 million for working capital. The net assets are included in the Agri-Products reporting segment. The results of operations are included in the Company's consolidated financial statements commencing from the date of acquisition.

### **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. The results of the operations are included in the Company's consolidated financial statements commencing from the date of acquisition.

## **6. Discontinued Operations**

On April 2, 2012, Viterra disposed of the Company's North American feed processing operations for proceeds of \$88 million, including working capital subject to closing adjustments. Assets and liabilities related to this disposition had been classified as held for sale as at January 31, 2012 and revenues and expenses associated with these operations were presented as discontinued operations.

The results of discontinued operations are set out below. The comparative net loss and cash flows from discontinued operations have been revised to include those operations classified as discontinued in the current period.

	Three months ended		Six months ended	
	April 30,		April 30,	
	2012	2011	2012	2011
Revenues	<b>109,657</b>	143,495	<b>284,534</b>	284,163
Expenses	<b>112,200</b>	144,186	<b>287,782</b>	285,254
Loss before tax	<b>(2,543)</b>	(691)	<b>(3,248)</b>	(1,091)
Attributable income tax recovery	<b>1,416</b>	71	<b>1,568</b>	85
	<b>(1,127)</b>	(620)	<b>(1,680)</b>	(1,006)
Loss on re-measurement to fair value less costs to sell	-	-	<b>(9,473)</b>	-
Loss on disposition of assets held for sale	<b>(3,015)</b>	-	<b>(3,015)</b>	-
Attributable income tax (expense) recovery	<b>(576)</b>	-	<b>2,012</b>	-
Net loss from discontinued operations	<b>(4,718)</b>	(620)	<b>(12,156)</b>	(1,006)

	Six months ended	
	April 30,	
	2012	2011
Net cash flows used in operating activities	<b>(33,257)</b>	(3,623)
Net cash flows provided by (used in) investing activities	<b>28,431</b>	(1,961)
Net cash flows provided by financing activities	-	-
Net cash flows	<b>(4,826)</b>	(5,584)

## 7. Finance Costs

	Three months ended		Six months ended	
	April 30,		April 30,	
	2012	2011	2012	2011
Interest on short-term debt	<b>8,164</b>	13,587	<b>14,330</b>	24,853
Interest on long-term debt	<b>19,684</b>	18,768	<b>39,531</b>	35,115
Amortization of debt finance costs	<b>1,815</b>	2,058	<b>3,577</b>	3,919
Accretion of decommissioning obligations	<b>249</b>	842	<b>1,078</b>	1,715
	<b>29,912</b>	35,255	<b>58,516</b>	65,602

## 8. Earnings per Share

	Three months ended April 30,		Six months ended April 30,	
	2012	2011	2012	2011
Net earnings from continuing operations	<b>71,831</b>	30,779	<b>156,959</b>	131,846
Net loss from discontinued operations	<b>(4,718)</b>	(620)	<b>(12,156)</b>	(1,006)
Net earnings	<b>67,113</b>	30,159	<b>144,803</b>	130,840
Weighted average number of shares outstanding	<b>371,710</b>	371,685	<b>371,704</b>	371,641
Dilutive effect of stock options	<b>1,457</b>	448	<b>1,036</b>	303
Weighted average number of shares outstanding, assuming dilution	<b>373,167</b>	372,133	<b>372,740</b>	371,944
Earnings per share from continuing operations <sup>(a)</sup>				
Basic	<b>0.19</b>	0.08	<b>0.42</b>	0.35
Diluted	<b>0.19</b>	0.08	<b>0.42</b>	0.35
Loss per share from discontinued operations <sup>(a)</sup>				
Basic	<b>(0.01)</b>	-	<b>(0.03)</b>	-
Diluted	<b>(0.01)</b>	-	<b>(0.03)</b>	-
Net earnings per share <sup>(a)</sup>				
Basic	<b>0.18</b>	0.08	<b>0.39</b>	0.35
Diluted	<b>0.18</b>	0.08	<b>0.39</b>	0.35

(a) Earnings per share not in thousands.

## 9. Accounts Receivable

	2012	April 30, 2011	October 31, 2011	November 1, 2010
Trade receivables	<b>810,153</b>	590,642	798,317	471,949
Allowance for doubtful accounts	<b>(9,939)</b>	(11,827)	(9,943)	(9,907)
CWB	<b>143,414</b>	110,534	189,996	77,700
Income and other taxes	<b>116,731</b>	87,862	49,335	45,240
Other receivables	<b>174,315</b>	151,999	95,553	153,621
	<b>1,234,674</b>	929,210	1,123,258	738,603

## 10. Inventories

	2012	April 30, 2011	October 31, 2011	November 1, 2010
Commodity inventories at fair value				
Grain Handling and Marketing	<b>1,020,104</b>	1,007,302	896,018	724,157
Agri-Products	<b>76,864</b>	94,677	103,290	61,369
	<b>1,096,968</b>	1,101,979	999,308	785,526
Inventories at cost				
Agri-Products <sup>(a) (b)</sup>	<b>824,880</b>	771,200	403,874	324,584
Processing				
Raw materials and supplies	<b>63,313</b>	48,428	76,523	40,393
Work in progress	<b>25,314</b>	18,623	15,394	14,366
Finished goods <sup>(b)</sup>	<b>34,717</b>	61,866	73,311	47,018
	<b>948,224</b>	900,117	569,102	426,361
	<b>2,045,192</b>	2,002,096	1,568,410	1,211,887

- (a) Adjustments to the lower of cost and net realizable value at April 30, 2012 of \$1 million (April 30, 2011 - \$2 million, October 31, 2011 - \$4 million) have been included in cost of sales. As at April 30, 2012, no reversals of previous adjustments were made (April 30, 2011 - \$nil, October 31, 2011 - \$nil).
- (b) Depreciation expense of \$11 million for the three months ended April 30, 2012 (April 30, 2011 - \$11 million) and \$22 million for the six months ended April 30, 2012 (April 30, 2011 - \$22 million) related to the manufacture of inventories that has now been sold is included in cost of sales.

## 11. Property, Plant and Equipment

<b>April 30, 2012</b>	<b>Land</b>	<b>Site and Leasehold Improvements</b>	<b>Buildings</b>	<b>Machinery and Equipment</b>	<b>Construction In Progress ("CIP")</b>	<b>Total</b>
<b>Cost</b>						
October 31, 2011	148,270	132,749	790,812	2,003,773	172,716	<b>3,248,320</b>
Additions <sup>(a)</sup>	-	-	-	-	112,113	<b>112,113</b>
Transfers from CIP	1,664	7,913	5,859	90,129	(105,565)	-
Disposals	(10,541)	(6,445)	(28,456)	(93,563)	(6,310)	<b>(145,315)</b>
Business acquisitions	1,274	74	8,725	6,030	1,578	<b>17,681</b>
Foreign currency translation	(1,862)	(29)	(2,629)	(25,483)	(4,728)	<b>(34,731)</b>
April 30, 2012	138,805	134,262	774,311	1,980,886	169,804	<b>3,198,068</b>
<b>Accumulated depreciation</b>						
October 31, 2011	-	(26,618)	(160,184)	(499,682)	-	<b>(686,484)</b>
Depreciation	-	(3,234)	(17,589)	(69,699)	-	<b>(90,522)</b>
Disposals	-	2,120	22,060	71,900	-	<b>96,080</b>
Foreign currency translation	-	8	713	2,884	-	<b>3,605</b>
April 30, 2012	-	(27,724)	(155,000)	(494,597)	-	<b>(677,321)</b>
<b>Carrying amount</b>	<b>138,805</b>	<b>106,538</b>	<b>619,311</b>	<b>1,486,289</b>	<b>169,804</b>	<b>2,520,747</b>

- (a) Includes capitalized borrowing costs for the period of \$4 million.

<b>April 30, 2011</b>	<b>Land</b>	<b>Site and Leasehold Improvements</b>	<b>Buildings</b>	<b>Machinery and Equipment</b>	<b>Construction In Progress ("CIP")</b>	<b>Total</b>
<b>Cost</b>						
November 1, 2010	143,516	98,105	766,037	1,888,947	91,042	<b>2,987,647</b>
Additions <sup>(b)</sup>	-	-	-	-	74,607	<b>74,607</b>
Transfers from CIP	1,277	6,313	3,808	34,661	(46,059)	-
Disposals	(117)	(12)	(1,086)	(3,995)	(3)	<b>(5,213)</b>
Foreign currency translation	3,036	(380)	(1,047)	28,679	1,644	<b>31,932</b>
April 30, 2011	147,712	104,026	767,712	1,948,292	121,231	<b>3,088,973</b>
<b>Accumulated depreciation</b>						
November 1, 2010	-	(16,091)	(110,626)	(342,221)	-	<b>(468,938)</b>
Depreciation	-	(3,499)	(19,608)	(63,602)	-	<b>(86,709)</b>
Disposals	-	9	754	2,559	-	<b>3,322</b>
Foreign currency translation	-	57	103	(1,721)	-	<b>(1,561)</b>
April 30, 2011	-	(19,524)	(129,377)	(404,985)	-	<b>(553,886)</b>
<b>Carrying amount</b>	<b>147,712</b>	<b>84,502</b>	<b>638,335</b>	<b>1,543,307</b>	<b>121,231</b>	<b>2,535,087</b>

- (b) Includes capitalized borrowing costs for the period of \$2 million.

October 31, 2011	Land	Site and Leasehold Improvements	Buildings	Machinery and Equipment	Construction In Progress ("CIP")	Total
<b>Cost</b>						
November 1, 2010	143,516	98,105	766,037	1,888,947	91,042	2,987,647
Additions <sup>(c)</sup>	-	-	-	-	241,782	241,782
Transfers from CIP	5,084	33,802	17,789	104,209	(160,884)	-
Disposals	(1,414)	(15)	(1,947)	(12,581)	-	(15,957)
Foreign currency translation	1,084	857	8,933	23,198	776	34,848
October 31, 2011	148,270	132,749	790,812	2,003,773	172,716	3,248,320
<b>Accumulated depreciation</b>						
November 1, 2010	-	(16,091)	(110,626)	(342,221)	-	(468,938)
Depreciation	-	(10,538)	(35,579)	(130,822)	-	(176,939)
Impairment	-	-	(15,446)	(30,841)	-	(46,287)
Disposals	-	86	2,673	6,648	-	9,407
Foreign currency translation	-	(75)	(1,206)	(2,446)	-	(3,727)
October 31, 2011	-	(26,618)	(160,184)	(499,682)	-	(686,484)
<b>Carrying amount</b>	148,270	106,131	630,628	1,504,091	172,716	2,561,836

(c) Includes capitalized borrowing costs for the period of \$5 million.

## 12. Short-Term Borrowings and Long-term Debt Due Within One Year

	April 30, 2012	April 30, 2011	October 31, 2011	November 1, 2010
Global credit facility <sup>(a)</sup>	129,540	444,052	-	51,116
Trade facility agreements <sup>(b)</sup>	78,983	10,411	83,207	10,561
Other <sup>(c)</sup>	100,996	-	41,931	-
Short-term borrowings	309,519	454,463	125,138	61,677
Long-term debt due within one year	1,627	1,937	2,406	2,295
	311,146	456,400	127,544	63,972

(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 April 30, 2012, cash drawings were \$16 million CAD on the Canadian tranche (April 30, 2011 – \$63 million CAD) and \$109 million AUD on the Australian tranche (April 30, 2011 - \$368 million AUD).

(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.

(c) Other unsecured facilities and short-term borrowings.

### 13. Accounts Payable and Accrued Liabilities

	April 30, 2012	April 30, 2011	October 31, 2011	November 1, 2010
Trade payables	<b>704,167</b>	632,692	853,708	547,330
Customer deposits and prepayments	<b>380,973</b>	336,132	79,560	77,145
Accrued liabilities	<b>320,790</b>	190,665	183,925	144,259
Employee related	<b>68,492</b>	64,039	100,346	84,748
Miscellaneous	<b>33,157</b>	27,608	41,289	35,598
Income and other taxes	<b>60,654</b>	12,797	39,852	11,458
	<b>1,568,233</b>	1,263,933	1,298,680	900,538

### 14. Share-based Payments

As a result of the Arrangement Agreement between Viterra and Glencore (note 1), the trading price of Viterra's common shares increased from \$10.79 at January 31, 2012 to \$15.91 at April 30, 2012. This change in share price increased the liability related to all share-based payment plans by \$9 million at April 30, 2012. Additional vestings contributed \$4 million to the liability. The share-based payment liability as at April 30, 2012 was \$36 million (April 30, 2011- \$20 million) for all plans and the share-based payment expense for all plans was \$14 million for the three months ended April 30, 2012 (April 30, 2011 - less than \$1 million) and \$16 million for the six months ended April 30, 2012 (April 30, 2011 - \$5 million).

### 15. Segmented Information

#### Net Earnings by Reporting Segment

Three months ended April 30, 2012	Consolidated	Eliminations	Grain Handling and Marketing	Agri- Products	Processing	Corporate
<b>Continuing Operations</b>						
Revenues <sup>(a)</sup>	<b>3,548,025</b>	(189,967)	2,720,120	691,008	326,864	-
Cost of sales	<b>3,150,299</b>	(189,967)	2,471,439	575,623	293,204	-
Gross profit	<b>397,726</b>	-	248,681	115,385	33,660	-
Operating, general and administrative expense	<b>266,122</b>	-	136,263	64,350	14,984	50,525
Loss (gain) loss on disposal of assets	<b>210</b>	-	31	(26)	205	-
Transaction costs	<b>8,957</b>	-	-	-	-	8,957
Finance costs	<b>29,912</b>	-	1,532	312	1,230	26,838
Earnings (loss) before tax	<b>92,525</b>	-	110,855	50,749	17,241	(86,320)
Income tax expense	<b>20,694</b>	-	-	-	-	20,694
Net earnings (loss) from continuing operations	<b>71,831</b>	-	110,855	50,749	17,241	(107,014)
<b>Discontinued Operations</b>						
Net loss from discontinued operations	<b>(4,718)</b>	-	-	-	(4,718)	-
<b>Net earnings (loss)</b>	<b>67,113</b>	-	110,855	50,749	12,523	(107,014)

## Adjusted EBITDA<sup>(b)</sup> by Reporting Segment – Continuing Operations

Three months ended April 30, 2012	Consolidated	Eliminations	Grain Handling and Marketing	Agri-Products	Processing	Corporate
Revenues <sup>(a)</sup>	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	-
Add back: Depreciation	10,981	-	-	2,940	8,041	-
Adjusted gross profit	408,707	-	248,681	118,325	41,701	-
Operating, general and administrative expense	266,122	-	136,263	64,350	14,984	50,525
Add back: Depreciation and amortization	42,329	-	28,807	9,609	896	3,017
<b>Adjusted EBITDA <sup>(b)</sup></b>	<b>184,914</b>	<b>-</b>	<b>141,225</b>	<b>63,584</b>	<b>27,613</b>	<b>(47,508)</b>

## Other Reporting Segment Information

As at April 30, 2012	Consolidated	Eliminations	Grain Handling and Marketing	Agri-Products	Processing	Corporate
Assets	7,385,476	-	4,025,990	1,829,016	1,168,770	361,700
Intangible assets	164,131	-	65,268	24,024	36,231	38,608
Goodwill	784,921	-	247,822	299,199	237,900	-

(a) Revenues between segments are accounted for at current market prices under normal trade terms.

(b) Adjusted EBITDA – Earnings before finance costs, depreciation and amortization, transaction costs, loss (gain) on disposal of assets, and income taxes.

## Net Earnings by Reporting Segment

Three months ended April 30, 2011	Consolidated	Eliminations	Grain Handling and Marketing	Agri-Products	Processing	Corporate
<b>Continuing Operations</b>						
Revenues <sup>(a)</sup>	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 expense	219,923	-	115,912	51,969	11,929	40,113
Loss (gain) on disposal of assets	529	-	(20)	343	206	-
Finance costs (recovery)	35,255	-	1,418	353	(915)	34,399
Earnings (loss) before tax	45,896	-	96,862	11,191	12,355	(74,512)
Income tax expense	15,117	-	-	-	-	15,117
Net earnings (loss) from continuing operations	30,779	-	96,862	11,191	12,355	(89,629)
<b>Discontinued Operations</b>						
Net loss from discontinued operations	(620)	-	-	-	(620)	-
Net earnings (loss)	30,159	-	96,862	11,191	11,735	(89,629)

## Adjusted EBITDA<sup>(b)</sup> by Reporting Segment – Continuing Operations

Three months ended April 30, 2011	Consolidated	Eliminations	Grain Handling and Marketing	Agri-Products	Processing	Corporate
Revenues <sup>(a)</sup>	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	-
Add back: Depreciation	11,024	-	-	2,707	8,317	-
Adjusted gross profit	312,627	-	214,172	66,563	31,892	-
Operating, general and administrative expense	219,923	-	115,912	51,969	11,929	40,113
Add back: Depreciation and amortization	35,881	-	25,678	7,099	870	2,234
Adjusted EBITDA <sup>(b)</sup>	128,585	-	123,938	21,693	20,833	(37,879)

## Other Reporting Segment Information

As at April 30, 2011	Consolidated	Eliminations	Grain Handling and Marketing	Agri-Products	Processing	Corporate
Assets	7,023,862	-	3,641,232	1,746,519	1,183,649	452,462
Intangible assets	153,562	-	74,259	12,605	40,339	26,359
Goodwill	772,109	-	226,956	300,832	244,321	-

(a) Revenues between segments are accounted for at current market prices under normal trade terms.

(b) Adjusted EBITDA – Earnings before finance costs, depreciation and amortization, transaction costs, loss (gain) on disposal of assets, and income taxes.

## Net Earnings by Reporting Segment

Six months ended April 30, 2012	Consolidated	Eliminations	Grain Handling and Marketing	Agri-Products	Processing	Corporate
<b>Continuing Operations</b>						
Revenues <sup>(a)</sup>	<b>7,110,996</b>	(408,307)	5,773,902	1,108,019	637,382	-
Cost of sales	<b>6,327,990</b>	(408,307)	5,228,155	932,674	575,468	-
Gross profit	<b>783,006</b>	-	545,747	175,345	61,914	-
Operating, general and administrative expense	<b>513,665</b>	-	278,053	119,907	28,932	86,773
(Gain) loss on disposal of assets	<b>(2,985)</b>	-	(3,152)	(44)	209	2
Transaction costs	<b>8,957</b>	-	-	-	-	8,957
Finance costs	<b>58,516</b>	-	3,433	717	774	53,592
Earnings (loss) before tax	<b>204,853</b>	-	267,413	54,765	31,999	(149,324)
Income tax expense	<b>47,894</b>	-	-	-	-	47,894
Net earnings (loss) from continuing operations	<b>156,959</b>	-	267,413	54,765	31,999	(197,218)
<b>Discontinued Operations</b>						
Net loss from discontinued operations	<b>(12,156)</b>	-	-	-	(12,156)	-
<b>Net earnings (loss)</b>	<b>144,803</b>	-	267,413	54,765	19,843	(197,218)

## Adjusted EBITDA<sup>(b)</sup> by Reporting Segment – Continuing Operations

Six months ended April 30, 2012	Consolidated	Eliminations	Grain Handling and Marketing	Agri-Products	Processing	Corporate
Revenues <sup>(a)</sup>	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	-
Add back: Depreciation	21,598	-	-	5,527	16,071	-
Adjusted gross profit	804,604	-	545,747	180,872	77,985	-
Operating, general and administrative expense	513,665	-	278,053	119,907	28,932	86,773
Add back: Depreciation and amortization	82,921	-	56,738	17,954	1,780	6,449
<b>Adjusted EBITDA<sup>(b)</sup></b>	<b>373,860</b>	-	<b>324,432</b>	<b>78,919</b>	<b>50,833</b>	<b>(80,324)</b>

(a) Revenues between segments are accounted for at current market prices under normal trade terms.

(b) Adjusted EBITDA – Earnings before finance costs, depreciation and amortization, transaction costs, loss (gain) on disposal of assets, and income taxes.

## Net Earnings by Reporting Segment

Six months ended April 30, 2011	Consolidated	Eliminations	Grain Handling and Marketing	Agri-Products	Processing	Corporate
<b>Continuing Operations</b>						
Revenues <sup>(a)</sup>	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 expense	445,536	-	240,418	101,267	24,333	79,518
(Gain) loss on disposal of assets	(330)	-	(526)	187	339	(330)
Finance costs (recovery)	65,602	-	2,593	658	(1,663)	64,014
Earnings (loss) before tax	180,194	-	270,128	12,619	40,649	(143,202)
Income tax expense	48,348	-	-	-	-	48,348
Net earnings (loss) from continuing operations	131,846	-	270,128	12,619	40,649	(191,550)
<b>Discontinued Operations</b>						
Net loss from discontinued operations	(1,006)	-	-	-	(1,006)	-
Net earnings (loss)	130,840	-	270,128	12,619	39,643	(191,550)

## Adjusted EBITDA<sup>(b)</sup> by Reporting Segment – Continuing Operations

Six months ended April 30, 2011	Consolidated	Eliminations	Grain Handling and Marketing	Agri-Products	Processing	Corporate
Revenues <sup>(a)</sup>	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	-
Add back: Depreciation	22,054	-	-	5,389	16,665	-
Adjusted gross profit	713,056	-	512,613	120,120	80,323	-
Operating, general and administrative expense	445,536	-	240,418	101,267	24,333	79,518
Add back: Depreciation and amortization	71,255	-	51,286	13,419	1,908	4,642
Adjusted EBITDA <sup>(b)</sup>	338,775	-	323,481	32,272	57,898	(74,876)

(a) Revenues between segments are accounted for at current market prices under normal trade terms.

(b) Adjusted EBITDA – Earnings before finance costs, depreciation and amortization, transaction costs, loss (gain) on disposal of assets, and income taxes.

## 16. Joint Ventures

The consolidated balance sheets and statement of earnings include, on a proportionate basis, the Company's interests in joint ventures operating in Canada, India, Australia and China, as follows:

### Balance Sheets

As at	April 30, 2012	2011	October 31, 2011	November 1, 2010
Cash and cash equivalents	83,476	22,112	40,980	15,301
Other current assets	94,656	113,059	70,106	31,423
Long-term assets	109,739	104,680	107,642	93,366
Total assets	287,871	239,851	218,728	140,090
Current liabilities	154,957	112,911	90,783	29,341
Long-term liabilities	21,394	22,447	22,760	22,665
Total liabilities	176,351	135,358	113,543	52,006
Net assets in joint ventures	111,520	104,493	105,185	88,084

### Statements of Earnings (Loss)

	Three months ended April 30,		Six months ended April 30,	
	2012	2011	2012	2011
Revenues	101,339	43,639	326,164	149,120
Expenses	98,929	43,842	321,610	148,170
	2,410	(203)	4,554	950

## 17. Financial and Other Instruments and Hedging

### Fair Values

	Classification	Level	April 30, 2012	2011	October 31, 2011	November 1, 2010
Cash and short-term investments	FVTPL	1	<b>199,508</b>	178,254	298,060	154,793
Accounts receivable	Loans and receivables		<b>1,234,674</b>	929,210	1,123,258	738,603
Derivative assets						
Exchange-traded derivatives	FVTPL	1	<b>19,367</b>	19,761	30,635	22,040
Commodity forward contracts	FVTPL	2	<b>154,550</b>	87,058	91,401	131,283
Foreign exchange contracts (OTC)	FVTPL	2	<b>30,666</b>	97,905	32,445	63,959
Long term derivative assets						
Exchange-traded derivatives	FVTPL	1	<b>735</b>	657	10	974
Commodity forward contracts	FVTPL	2	<b>386</b>	261	18,899	26,465
Foreign exchange contracts (OTC)	FVTPL	2	<b>454</b>	6,493	2,388	7,954
Short-term borrowings	FVTPL	1	<b>309,519</b>	454,463	125,138	61,677
Accounts payable and accrued liabilities	Other financial liabilities		<b>1,568,233</b>	1,263,933	1,298,680	900,538
Derivative liabilities						
Exchange-traded derivatives	FVTPL	1	<b>58,860</b>	20,706	10,260	57,102
Commodity forward contracts	FVTPL	2	<b>102,858</b>	62,418	100,369	90,601
Foreign exchange contracts (OTC)	FVTPL	2	<b>10,373</b>	22,125	17,429	15,591
Cross-currency swaps	FVTPL	2	<b>1,531</b>	11,401	5,932	8,896
Natural gas swaps	FVTPL	2	<b>3,490</b>	-	938	1,418
Bond forward contracts	FVTPL	2	-	-	-	19,964
Long-term debt	Other financial liabilities		<b>1,297,491</b>	1,134,447	1,088,086	899,129
Other liabilities	Other financial liabilities		<b>31,898</b>	19,796	25,484	51,351
Long term derivative liabilities						
Exchange-traded derivatives	FVTPL	1	-	86	59	3,402
Commodity forward contracts	FVTPL	2	<b>538</b>	1,558	4,785	21,829
Foreign exchange contracts (OTC)	FVTPL	2	<b>709</b>	1,590	2,178	2,131

### 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 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 Value at Risk (“VaR”) limits. 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. 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.

	<b>2012</b>	<b>April 30,</b>	<b>2011</b>
Historical VaR (95%, five-day):			
Agricultural commodity price VaR	<b>8,032</b>		11,125

### **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 operations. 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. Maturity dates for the foreign exchange forward contracts on anticipated transactions extend for approximately twelve months. As at April 30, 2012, 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 twelve months is an after tax gain of \$3 million.

<b>As at April 30, 2012</b>	<b>Carrying Value</b>	<b>Impact On Earnings, After Tax</b>	<b>Impact On Other Comprehensive Income, After Tax</b>
<b>10% increase</b>			
CAD/USD	748	65	8
CAD/Euro	(81)	(6)	-
CAD/Great Britain pound	(160)	(12)	-
CAD/AUD	(325)	(24)	-
CAD/Swiss francs	(175)	(13)	-
AUD/USD	(7,494)	(702)	(3,180)
AUD/Euro	7	(64)	(50)
AUD/Japanese yen	(7)	(103)	(495)
AUD/NZD	(292)	27	-
AUD/Singapore dollars	112	(10)	-
<b>10% decrease</b>			
CAD/USD	748	(65)	(8)
CAD/Euro	(81)	6	-
CAD/ Great Britain pound	(160)	12	-
CAD/AUD	(325)	24	-
CAD/Swiss francs	(175)	13	-
AUD/USD	(7,494)	880	3,894
AUD/Euro	7	80	61
AUD/Japanese yen	(7)	126	606
AUD/NZD	(292)	(32)	-
AUD/Singapore dollars	112	13	-

The above sensitivity analysis for foreign currency risk does not include translation risk. Translation exposures arise from financial and non-financial items of operations with functional currencies different from the Company's reporting currency. 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.

Included in operating, general and administration expenses is a foreign exchange gain of \$2 million for the three months ended April 30, 2012 (April 30, 2011 - \$12 million loss) and \$10 million for the six months ended April 30, 2012 (April 30, 2011 - \$15 million loss).

#### ***Interest Rate Risk***

The Company manages interest rate risk on borrowings by using a combination of cash instruments, forwards and a mixture of fixed and floating rates.

Based on the April 30, 2012 borrowings, the Company is exposed to interest rate risk on short-term variable rate borrowings. A 25 basis point change in short-term variable rates based on the Company's current credit ratings and the current borrowings would impact after tax earnings by less than \$1 million per annum (2011 - \$1 million).

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 and the bond forwards were settled during the quarter. As a result, each year approximately \$1 million after tax will be reclassified from accumulated other comprehensive income to net earnings as finance costs over the term of the debt.

## Credit Risk

The Company manages credit risk through credit approval policies and procedures, monitoring of credit balances and credit reviews. The lack of significant customer concentration of trade receivables also mitigates credit risk as does the use of limited recourse arrangement with a Canadian Schedule I chartered bank.

<b>Aging of trade accounts receivable</b>	<b>2012</b>	<b>April 30,</b> 2011	October 31, 2011	November 1, 2010
Not past due	<b>752,814</b>	549,558	766,788	422,440
Past due:				
Past due ≤ 60 days	<b>26,964</b>	8,750	16,066	9,995
Past due ≥ 61 days and ≤ 90 days	<b>7,818</b>	3,485	4,988	2,626
Past due ≥ 91 days	<b>22,557</b>	28,849	10,475	36,888
Total trade accounts receivable	<b>810,153</b>	590,642	798,317	471,949
Allowance for doubtful accounts	<b>(9,939)</b>	(11,827)	(9,943)	(9,907)
	<b>800,214</b>	578,815	788,374	462,042

<b>Allowance for doubtful accounts</b>	<b>2012</b>	<b>April 30,</b> 2011	October 31, 2011	November 1, 2010
Beginning balance	<b>(9,943)</b>	(9,907)	(9,907)	(8,081)
Disposition of assets held for sale	<b>1,001</b>	-	-	-
Provision for losses	<b>(3,065)</b>	(3,387)	(3,190)	(5,862)
Write-offs, net of recoveries	<b>2,068</b>	1,467	3,154	4,036
Ending balance	<b>(9,939)</b>	(11,827)	(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 April 30, 2012 that are not past due to be high. Included in accounts receivable is \$143 million (April 30, 2011 - \$110 million) due from a single customer, the CWB.

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.

<b>Maximum exposure to credit risk</b>	<b>2012</b>	<b>April 30,</b> 2011	October 31, 2011	November 1, 2010
Cash	<b>165,160</b>	62,071	106,296	66,589
Short-term investments	<b>34,348</b>	116,183	191,764	88,204
Accounts receivable	<b>1,234,674</b>	929,210	1,123,258	738,603
Derivative assets	<b>204,583</b>	204,724	154,481	217,282
Long-term derivative assets	<b>1,575</b>	7,411	21,297	35,393
	<b>1,640,340</b>	1,319,599	1,597,096	1,146,071

## Liquidity Risk

The adequacy of Viterra's liquidity is continually monitored, taking into consideration estimated future cash flows including the amount and timing of cash generated from operations, working capital requirements, planned capital expenditure programs, debt servicing requirement, dividend policy and business acquisitions. The Company actively maintains credit facilities to ensure it has sufficient available funds to meet current and foreseeable financial requirements. Management believes that future cash flows from operations and availability under existing banking arrangements will be adequate to support these financial liabilities.

## 18. 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 paid.

	<b>April 30,</b>		October 31,
	<b>2012</b>	2011	2011
Debt to total capital <sup>(a)</sup>			
As at the balance sheet date	<b>26:74</b>	28:72	24:76
Four quarter average	<b>25:75</b>	25:75	26:74
<b>Adjusted EBITDA to cash interest, net</b> <sup>(b) (c) (d)</sup>	<b>7.1</b>	6.7	6.6

- (a) Debt is defined as interest bearing debt which includes short-term borrowings and 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 finance costs, depreciation and amortization, transaction costs, loss (gain) on disposal of assets, and income taxes.
- (c) The ratio is calculated on a rolling twelve-month basis.
- (d) Cash interest, net is defined as interest expense on short-term and long-term debt less interest revenue and interest recovery as follows:

	<b>Six months ended</b>		Year ended
	<b>April 30,</b>		October 31,
	<b>2012</b>	2011	2011
Interest on short-term debt	<b>14,330</b>	24,853	37,585
Interest on long-term debt	<b>39,531</b>	35,115	74,447
Interest income	<b>(860)</b>	(1,973)	(3,086)
CWB carrying charge recovery	<b>(1,495)</b>	(920)	(2,161)
Cash interest, net	<b>51,506</b>	57,075	106,785

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

During the period, the Company was in compliance with external covenants relating to the management of capital. As per the terms of the Arrangement Agreement, Viterra is limited in its ability to enter into new financial indebtedness in excess of \$200 million.

## **19. Transition to IFRS**

The accounting policies in note 2 of the Company's condensed consolidated financial statements for the three months ended January 31, 2012 have been applied in preparing the condensed financial statements for the three and six months ended April 30, 2012, the comparative information for the three and six months ended April 30, 2011, the consolidated financial statements for the year ended October 31, 2011, and quarter ended April 30, 2011, and the preparation of the opening IFRS consolidated balance sheets at November 1, 2010, the Company's date of transition to IFRS ("transition date").

The adoption of IFRS requires the application of IFRS 1 – *First Time Adoption of International Financial Reporting Standards* ("IFRS 1"). IFRS 1 generally requires that an entity retrospectively apply all IFRS effective at the end of its first IFRS reporting period. However, IFRS 1 provides certain mandatory exceptions and permits limited optional exemptions. The IFRS 1 optional exemptions that have been applied are described in this note.

In preparing its opening IFRS consolidated balance sheets at November 1, 2010, comparative information for the three and six months ended April 30, 2011 and consolidated financial statements for the year ended October 31, 2011, and quarter ended April 30, 2011, the Company has adjusted amounts previously reported in consolidated financial statements prepared in accordance with CGAAP. An explanation of how the transition from CGAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

**Reconciliation of Condensed Consolidated Balance Sheets**

	Note	November 1, 2010			October 31, 2011		
		CGAAP	Effect of Transition to IFRS	IFRS	CGAAP	Effect of Transition to IFRS	IFRS
<b>ASSETS</b>							
<b>Current assets</b>							
Cash		66,589	-	66,589	106,296	-	106,296
Short-term investments		88,204	-	88,204	191,764	-	191,764
Accounts receivable		738,603	-	738,603	1,123,258	-	1,123,258
Derivative assets		217,282	-	217,282	154,481	-	154,481
Inventories		1,211,887	-	1,211,887	1,568,410	-	1,568,410
Prepaid expenses and deposits	<i>a</i>	107,638	(264)	107,374	111,934	(4,063)	107,871
Deferred tax assets	<i>h</i>	30,067	(30,067)	-	29,359	(29,359)	-
		2,460,270	(30,331)	2,429,939	3,285,502	(33,422)	3,252,080
Property, plant and equipment	<i>d,f</i>	2,491,047	27,662	2,518,709	2,613,032	(51,196)	2,561,836
Other assets	<i>c</i>	132,797	(82,307)	50,490	149,244	(100,254)	48,990
Long-term derivative assets		35,393	-	35,393	21,297	-	21,297
Intangible assets		154,915	-	154,915	156,752	(1,237)	155,515
Goodwill		772,233	-	772,233	775,198	(2,671)	772,527
Deferred tax assets	<i>h</i>	25,010	(8,280)	16,730	11,606	(10,055)	1,551
		6,071,665	(93,256)	5,978,409	7,012,631	(198,835)	6,813,796
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Short-term borrowings and long-term debt due within one year		63,972	-	63,972	127,544	-	127,544
Accounts payable and accrued liabilities	<i>b</i>	900,021	517	900,538	1,298,000	680	1,298,680
Derivative liabilities		193,572	-	193,572	134,928	-	134,928
Decommissioning and other provisions	<i>a</i>	26,319	(9,888)	16,431	30,047	(7,327)	22,720
Deferred tax liabilities	<i>h</i>	391	(391)	-	122	(122)	-
		1,184,275	(9,762)	1,174,513	1,590,641	(6,769)	1,583,872
Long-term debt		896,834	-	896,834	1,085,680	-	1,085,680
Decommissioning and other provisions	<i>d</i>	16,030	30,975	47,005	46,415	2,015	48,430
Other liabilities	<i>a,b,c</i>	35,321	29,342	64,663	41,081	44,410	85,491
Long-term derivative liabilities		27,362	-	27,362	7,022	-	7,022
Deferred tax liabilities	<i>b-h</i>	201,580	(38,195)	163,385	203,997	(67,371)	136,626
		2,361,402	12,360	2,373,762	2,974,836	(27,715)	2,947,121
<b>SHAREHOLDERS' EQUITY</b>							
Share capital		3,025,491	-	3,025,491	3,026,711	-	3,026,711
Equity settled employee benefits reserve	<i>b</i>	6,567	1,532	8,099	9,053	497	9,550
Retained earnings	<i>a-h</i>	571,013	5,155	576,168	799,258	(61,737)	737,521
Accumulated other comprehensive income (loss)	<i>b,c,g</i>	107,192	(112,303)	(5,111)	202,773	(109,880)	92,893
		3,710,263	(105,616)	3,604,647	4,037,795	(171,120)	3,866,675
		6,071,665	(93,256)	5,978,409	7,012,631	(198,835)	6,813,796

## Reconciliation of Condensed Consolidated Balance Sheets

		April 30, 2011		
	Note	CGAAP	Effect of Transition to IFRS	IFRS
<b>Assets</b>				
<b>Current assets</b>				
Cash		62,071	-	62,071
Short-term investments		116,183	-	116,183
Accounts receivable		929,210	-	929,210
Derivative assets		204,724	-	204,724
Inventories		2,002,096	-	2,002,096
Prepaid expenses and deposits	<i>a</i>	193,896	(1,276)	192,620
Deferred tax assets	<i>h</i>	5,274	(5,274)	-
		3,513,454	(6,550)	3,506,904
Property, plant and equipment	<i>d</i>	2,508,261	26,826	2,535,087
Other assets	<i>c</i>	127,101	(78,312)	48,789
Long-term derivative assets		7,411	-	7,411
Intangible assets		153,562	-	153,562
Goodwill		772,109	-	772,109
Deferred tax assets	<i>h</i>	4,264	(4,264)	-
		7,086,162	(62,300)	7,023,862
<b>Liabilities</b>				
<b>Current liabilities</b>				
Short-term borrowings and long-term debt due within one year		456,400	-	456,400
Accounts payable and accrued liabilities	<i>b</i>	1,263,446	487	1,263,933
Derivative liabilities		116,650	-	116,650
Decommissioning and other provisions	<i>a</i>	27,953	(9,285)	18,668
Deferred tax liabilities	<i>h</i>	4,579	(4,579)	-
		1,869,028	(13,377)	1,855,651
Long-term debt		1,064,833	-	1,064,833
Decommissioning and other provisions	<i>d</i>	15,591	31,945	47,536
Other liabilities	<i>a,b,c</i>	37,080	28,439	65,519
Long-term derivative liabilities		3,234	-	3,234
Deferred tax liabilities	<i>h</i>	201,030	(6,120)	194,910
		3,190,796	40,887	3,231,683
<b>Shareholders' Equity</b>				
Share capital		3,026,578	-	3,026,578
Equity settled employee benefits reserve	<i>b</i>	7,738	821	8,559
Retained earnings	<i>a-h</i>	685,131	3,297	688,428
Accumulated other comprehensive income (loss)	<i>b,c</i>	175,919	(107,305)	68,614
		3,895,366	(103,187)	3,792,179
		7,086,162	(62,300)	7,023,862

**Reconciliation of Condensed Consolidated Statements of Earnings**

	Three months ended April 30, 2011			Six months ended April 30, 2011			
	Note	CGAAP (Note f)	Effect of Transition to IFRS	IFRS	CGAAP (Note f)	Effect of Transition to IFRS	IFRS
<b>CONTINUING OPERATIONS</b>							
Revenues		2,558,365	-	2,558,365	4,888,234	-	4,888,234
Cost of sales		2,256,762	-	2,256,762	4,197,232	-	4,197,232
Gross profit		301,603	-	301,603	691,002	-	691,002
Operating, general and administrative expenses	<i>a-e</i>	217,487	2,436	219,923	444,471	1,065	445,536
Loss (gain) on disposal of assets		529	-	529	(330)	-	(330)
Finance costs	<i>d</i>	34,413	842	35,255	63,887	1,715	65,602
Earnings before tax		49,174	(3,278)	45,896	182,974	(2,780)	180,194
Income tax expense (recovery)	<i>h</i>	15,479	(362)	15,117	49,270	(922)	48,348
Net earnings from continuing operations		33,695	(2,916)	30,779	133,704	(1,858)	131,846
<b>DISCONTINUED OPERATIONS</b>							
Net loss from discontinued operations	<i>f</i>	620	-	620	1,006	-	1,006
<b>NET EARNINGS</b>		33,075	(2,916)	30,159	132,698	(1,858)	130,840

## Reconciliation of Condensed Consolidated Statements of Earnings

	Note	Year ended October 31, 2011		
		CGAAP (Note f)	Effect of Transition to IFRS	IFRS
<b>CONTINUING OPERATIONS</b>				
Revenues		11,193,182	-	11,193,182
Cost of sales		9,729,793	-	9,729,793
Gross profit		1,463,389	-	1,463,389
Operating, general and administrative expenses	<i>a-e</i>	961,583	10,323	971,906
Loss on disposal of assets		552	-	552
Finance costs	<i>d</i>	120,553	3,398	123,951
Earnings before tax		380,701	(13,721)	366,980
Income tax expense (recovery)	<i>h</i>	103,625	(5,735)	97,890
Net earnings from continuing operations		277,076	(7,986)	269,090
<b>DISCONTINUED OPERATIONS</b>				
Net loss from discontinued operations	<i>f</i>	11,667	36,014	47,681
<b>NET EARNINGS</b>		265,409	(44,000)	221,409

## Reconciliation of Condensed Consolidated Statements of Comprehensive Income

	Note	Three months April 30, 2011	Six months April 30, 2011
Comprehensive income as reported under CGAAP		104,574	201,425
IFRS Adjustments:			
Decrease in net earnings	<i>a-h</i>	(2,916)	(1,858)
Unrealized effect of foreign currency translation of foreign operations		8	9
Unrealized gain on hedging instruments designated as hedges of the net assets of foreign operations	<i>e</i>	4,989	4,989
Comprehensive income as reported under IFRS		106,655	204,565

**Reconciliation of Condensed Consolidated Statements of Comprehensive Income**

	<b>Note</b>	<b>Twelve months October 31, 2011</b>
Comprehensive income as reported under CGAAP		360,990
IFRS Adjustments:		
Decrease in net earnings	<i>a-h</i>	(44,000)
Unrealized effect of foreign currency translation of foreign operations		(34)
Unrealized gain on hedging instruments designated as hedges of the net assets of foreign operations	<i>e</i>	2,457
Employee benefits	<i>c</i>	(22,892)
Comprehensive income as reported under IFRS		296,521

## Reconciliation of Condensed Consolidated Statements of Equity

	Note	April 30, 2011	October 31, 2011
<b>Share capital</b>			
As reported under CGAAP and IFRS		3,026,578	3,026,711
<b>Equity settled employee benefits reserve</b>			
As reported under CGAAP		7,738	9,053
IFRS transition date adjustments		1,532	1,532
IFRS adjustments in period:			
Share-based payments	<i>b</i>	(711)	(1,035)
As reported under IFRS		8,559	9,550
<b>Retained earnings</b>			
As reported under CGAAP		685,131	799,258
IFRS transition date adjustments		5,155	5,155
IFRS adjustments in period:			
Business combinations	<i>a</i>	(1,615)	(6,088)
Share-based payments	<i>b</i>	664	1,084
Employee benefits	<i>c</i>	4,966	(32,979)
Decommissioning obligations	<i>d</i>	(1,806)	(3,612)
Net investment hedge	<i>e</i>	(4,989)	(2,457)
Impairment	<i>f</i>	-	(50,652)
Income taxes	<i>h</i>	922	27,812
As reported under IFRS		688,428	737,521
<b>Accumulated other comprehensive income</b>			
As reported under CGAAP		175,919	202,773
IFRS transition date adjustments		(112,303)	(112,303)
IFRS adjustments in period:			
Foreign currency translation		9	(34)
Net investment hedge	<i>e</i>	4,989	2,457
As reported under IFRS		68,614	92,893
<b>Shareholders' equity as reported under IFRS</b>		<b>3,792,179</b>	<b>3,866,675</b>

## Reconciliation of Condensed Consolidated Statements of Equity

	Note	November 1, 2010
<b>Share capital</b>		
As reported under CGAAP and IFRS		3,025,491
<b>Equity settled employee benefits reserve</b>		
As reported under CGAAP		6,567
IFRS adjustments:		
Share-based payments	<i>b</i>	1,532
As reported under IFRS		8,099
<b>Retained earnings</b>		
As reported under CGAAP		571,013
IFRS adjustments:		
Business combinations	<i>a</i>	7,862
Share-based payments	<i>b</i>	(1,277)
Employee benefits	<i>c</i>	(111,230)
Decommissioning obligations	<i>d</i>	(3,313)
Foreign currency translation	<i>g</i>	112,303
Income taxes	<i>h</i>	810
As reported under IFRS		576,168
<b>Accumulated other comprehensive income (loss)</b>		
As reported under CGAAP		107,192
IFRS adjustments:		
Foreign currency translation	<i>g</i>	(112,303)
As reported under IFRS		(5,111)
<b>Shareholders' equity as reported under IFRS</b>		<b>3,604,647</b>

## Reconciliation of Condensed Consolidated Statements of Cash Flows

	Note	Six months April 30, 2011	Twelve months October 31, 2011
Net cash (used in) provided by operating activities as reported under CGAAP		(437,605)	192,724
IFRS Adjustments:			
Net earnings		(1,858)	(44,000)
Amortization	<i>d</i>	91	48,133
Goodwill impairment	<i>f</i>	-	2,733
Income tax expense	<i>h</i>	(922)	(20,373)
Employee benefits	<i>b,c</i>	(4,015)	1,564
Net investment hedge	<i>e</i>	4,989	2,457
Finance costs	<i>d</i>	1,715	3,398
Other		-	(302)
Net changes in non-cash working capital		-	6,390
Net cash (used in) provided by operating activities as reported under IFRS		(437,605)	192,724
Cash provided by financing activities as reported under CGAAP and IFRS		544,399	183,381
Cash used in investing activities as reported under CGAAP and IFRS		(79,438)	(234,382)
Increase in cash and cash equivalents reported under CGAAP and IFRS		27,356	141,723

The following discussion explains the effects of significant differences between Viterra's CGAAP accounting policies and those applied by the Company under its transition to IFRS. IFRS policies have been retrospectively and consistently applied, except where specific IFRS 1 optional and mandatory exemptions permitted an alternative treatment for first-time adopters. The descriptive note captions below correspond to the adjustments presented in the preceding reconciliations.

<b>Note</b>	<b>Effect of Policy Changes</b>
<i>a</i>	<p><b><i>Business Combinations</i></b></p> <p>As part of its transition to IFRS, the Company elected the exemption under IFRS 1 to restate only those business combinations that occurred on or after November 1, 2010.</p> <p>Current liabilities of \$9 million, recognized from previous business combinations and still outstanding at the date of transition, were derecognized and credited to retained earnings on transition date in accordance with the application of the IFRS 1 business combination exemption that prohibits the recognition of liabilities that would not be recognized under IFRS.</p> <p>Unlike CGAAP for business combinations, costs associated with an acquisition, whether completed or not, are expensed as incurred. There was an immaterial impact for this change at the date of transition. This change did, however, result in a \$4 million reduction to prepaid expenses and deposits for the year ended October 31, 2011, with a corresponding increase to operating, general and administrative expenses.</p>
<i>b</i>	<p><b><i>Share-based Payments</i></b></p> <p>Under CGAAP, the Company recognized share-based payment expense related to its cash-settled and equity-settled plans on a straight-line basis until the date of full vesting and did not incorporate a forfeiture rate. Under IFRS, the Company is required to recognize the expense over the individual vesting periods for graded vesting awards and estimate a forfeiture rate. The difference in the amounts expensed for equity-settled plans is offset to the equity settled employee benefits reserve (“contributed surplus” under CGAAP). For cash-settled plans the liability and expense is adjusted for the fair value of the awards over the individual vesting periods.</p> <p>IFRS also requires measurement of the liability for cash-settled plans at fair value while CGAAP allows measurement of these awards at intrinsic value.</p> <p>As permitted by IFRS 1, Viterra elected not to apply <i>IFRS 2 - Share-based Payments</i> for those units which vested before November 1, 2010.</p> <p>On transition date, the overall effect of these policy changes was to increase the equity settled employee benefits reserve by \$1.5 million and reduce retained earnings and other liabilities by \$1.3 million and \$0.2 million, respectively. For the year ended October 31, 2011, the effect of these policy changes was a reduction of the equity settled employee benefits reserve of \$1 million with a corresponding increase to operating, general and administrative expenses.</p>
<i>c</i>	<p><b><i>Employee Benefits</i></b></p> <p>Viterra elected to use the IFRS 1 exemption whereby the cumulative unamortized net actuarial gains and losses of the Company's defined benefit plans in the amount of \$111</p>

million before tax were charged to retained earnings on transition date, reducing other assets by \$82 million and increasing other liabilities by \$29 million.

Under CGAAP, the corridor approach was applied for unamortized net actuarial gains and losses which were only recognized in net earnings after exceeding certain thresholds. IFRS permits a policy choice in the treatment of actuarial gains and losses. The Company elected to recognize the full amount of actuarial gains and losses before tax in other comprehensive income, offset by changes in other assets and other liabilities. IFRS requires that these amounts be recorded through retained earnings and not in accumulated other comprehensive income. For the year ended October 31, 2011, actuarial losses of \$30 million before income tax were recorded in other comprehensive income and \$3 million of other pension adjustments were recorded in net earnings.

*d* ***Decommissioning Obligations***

Viterra elected to use the IFRS 1 exemption where decommissioning obligations (“asset retirement obligations” under CGAAP) were recalculated with any change in the provision and related depreciation of assets charged to retained earnings.

Under CGAAP, asset retirement obligations were discounted at a credit-adjusted discount rate ranging from 5% - 8%, depending on the year in which additions were made. Under IFRS, the estimated cash flow to abandon and remediate facilities has been discounted at a risk free rate of 1.5% to 3.5%.

IFRS requires management to use its best estimate of cash outflows to settle the obligation, whereas CGAAP only requires that the asset retirement obligation be recorded at fair value when fair value can be reasonably measured. Under CGAAP a \$31 million decommissioning obligation was recognized at October 31, 2011 which was when its fair value became reasonably measurable. However, under IFRS, using a best estimate, the Company was required to recognize \$29 million for this decommissioning obligation on its transition date and reverse the CGAAP provision at October 31, 2011. An additional \$2 million was also recognized on other decommissioning obligations.

As a result of the change in discount rate and the use of best estimates, on transition date, retained earnings was charged \$3 million before tax, decommissioning obligations increased \$31 million, and property, plant and equipment increased \$28 million.

There were no significant changes to the estimated cash outflows or the discount rates during 2011.

As a result of the decommissioning obligations and related property, plant and equipment balances recognized on transition, accretion of the decommissioning obligation increased by \$2 million and depreciation of the related assets increased by \$2 million for the year ended October 31, 2011.

Under IFRS, accretion expense is no longer recorded as part of amortization but is included in finance costs.

*e* ***Net Investment Hedge***

Under CGAAP, a portion of a net investment hedge was recognized in net earnings when a reduction of the net investment occurred. Under IFRS, a reduction in the net investment

does not result in recognition of a portion of the net investment hedge in net earnings unless there is a loss of control of the foreign entity.

There was no impact on the date of transition from this change in policy. However, for the year ended October 31, 2011, \$3 million was reclassified from net earnings to other comprehensive income.

*f* **Impairment**

Under CGAAP, assets are only impaired when their carrying value is less than their associated undiscounted cash flows. Under IFRS, assets or assets grouped into cash generating units are impaired based on their recoverable amounts, which are measured at the higher of their fair value less costs to sell or their value in use. Accordingly, a goodwill impairment of \$8 million recognized in the North American feed processing operations in the fourth quarter of 2011 under CGAAP was adjusted under IFRS to include an additional \$3 million impairment of the remaining goodwill in the cash generating unit, \$1 million of impairment of intangible assets, and \$47 million of impairment of property, plant and equipment before taxes. Under IFRS, a deferred tax recovery of \$15 million was provided for resulting in a net impairment after tax of \$36 million. The recoverable amount was determined using value in use based on discounted cash flows using forecast revenues and expenses. The after-tax impairment is included in the net loss from discontinued operations for October 31, 2011.

CGAAP amounts have been reclassified to present the discontinued operations discussed in note 6 in order to illustrate the effects of IFRS adjustments on continuing operations and discontinued operations.

*g* **Foreign Currency Translation**

The Company elected to apply the IFRS 1 exemptions to set the cumulative foreign currency translation adjustment balance to \$nil upon transition to IFRS and thereby not have to retrospectively restate the Company's accounts since its inception using IFRS foreign currency principles. This reclassification increased retained earnings by \$112 million and decreased accumulated other comprehensive income by the same amount on the transition date.

*h* **Deferred and Current Income Taxes**

Under IFRS, deferred taxes ("future taxes" under CGAAP) are reported as a non-current asset or non-current liability on the balance sheet. IFRS does not permit tax assets and liabilities to be offset unless there is an enforceable right as well as the intention to do so. Deferred income taxes have been adjusted to reflect the tax effect arising from the differences between IFRS and CGAAP.

*i* **Other Exemptions**

The remaining IFRS 1 optional exemptions were not applicable or material to the preparation of Viterra's Consolidated Opening Balance Sheets at transition date.

## **20. Subsequent Events**

On June 11, 2012, Viterra's Board of Directors (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.

On June 11, 2012, the Board also declared a dividend of seven and one half cents per share (\$0.075) payable 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.