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STRONGER GRAIN RESULTS BOOST VITERRA SECOND QUARTER PROFITS

Greater efficiencies through Viterra's expanded grain elevator network and strong commodity prices boosted consolidated second quarter earnings by \$24.4 million to \$33.6 million (\$0.16 earnings per share) in 2008, compared to earnings of \$9.2 million (\$0.10 earnings per share) for the three months ended April 30, 2007. For the six months ended April 30, 2008, net earnings grew by \$57.7 million to \$74.8 million (\$0.37 earnings per share), compared to \$17.1 million (\$0.19 earnings per share) for the same six-month period of the prior year.

Earnings before interest, taxes, amortization, integration costs, gains or losses on asset disposals and pension settlement provisions ("EBITDA") for the three months ended April 30, 2008 improved by \$54.7 million to \$78.5 million compared to \$23.8 million in the same period of 2007. EBITDA for the first half of the fiscal year reached \$159.8 million, compared to \$50.2 million for the six months ended April 30, 2007. This solid performance reflects continued improvements in grain margins, stronger fertilizer sales and margins and incremental EBITDA generated on the assets acquired from Agricore United ("AU") in May 2007. Cash flow provided by operations improved by \$41.8 million to \$63.7 million (\$0.31 per share) for the three months ended April 30, 2008, compared to \$22.0 million (\$0.24 per share) reported in the same period of the prior year. For the six months ended April 30, 2008, cash flow provided by operations was \$121.7 million (\$0.60 per share), an increase of \$75.2 million over the same period of 2007.

"As we complete our integration of AU, we are seeing the benefits of the related enhancements in our operational performance and the associated value being created for shareholders. This has become even more pronounced in today's demand driven market as the Company has been able to optimize returns on its expanded network of assets and maximize the efficiencies it has gained with the larger scale of its operations," said President and CEO Mayo Schmidt. "With our planned upgrade of two grain handling facilities, Viterra is committed to leading an industry-wide effort to maximize the efficiency of Canada's transportation supply chain, creating increased capacity and cost-savings for all participants."

Results this quarter reflect the value of Viterra's pipeline management strategy and its focus on providing superior products and services to both farm and end-use customers. The Company:

- Increased its percentage of 50 and 100-car trains shipments creating faster cycle times, and thus increasing the overall car supply for the industry;
- Hired international trading personnel who are responsible for securing new markets for Canadian commodities and who will expand Viterra's vessel freight expertise to bring greater value and service for our producers and end-use customers;
- Delivered anhydrous ammonia safety training to 6,300 farmers and subsequent to quarter end, extended its hours of operation for this product to 24 hours, 7 days a week to support a compressed selling season;
- Provided exclusive, semi-exclusive and identity preserved products to the farm base to strategically link Prairie growers to destination customers around the world;
- Provided focused agronomic services to maximize value creation and net returns per acre through crop selection and input quantities; and
- Implemented a new web-based portal site customized to provide localized market information, customer account data, agronomic support and commodity related educational tools to Viterra farm customers.

Second Quarter Financial Highlights:

- Consolidated sales and other operating revenues climbed \$1.1 billion to \$1.5 billion for the second quarter, up from \$401.5 million in same period last year. On a year-to-date basis, consolidated sales and other operating revenues were \$2.8 billion, an increase of \$2.0 billion over the \$849.1 million reported for the six months ended April 30, 2007.
- Shipments and margins in the Grain Handling and Marketing segment were up over the prior year, contributing \$77.6 million of EBITDA for the quarter and \$150.6 million for the six months ended April 30, 2008. This compares to \$16.3 million of EBITDA for the second quarter of 2007 and \$45.0 million of EBITDA for the six months ended April 30, 2007. Included in the 2008 second quarter results was a \$3.0 million insurance recovery.
- Improved merchandising opportunities and enhanced operational efficiencies resulted in grain margins of \$35.12 per tonne (excluding the insurance recovery) compared to \$21.52 per tonne in 2007, a 63.2% increase over the prior year. Shipments during the quarter rose 1.5 million tonnes and for the first six months of 2008, Viterra shipped 7.5 million tonnes of grains and oilseeds.
- Sales and other revenue for the Agri-products segment were \$202.5 million for the second quarter of 2008 and \$368.4 million for the six months ended April 30, 2008. This compares to \$93.4 million and \$173.4 million for the respective three and six-month periods of last year. Stronger sales for the year were largely a result of the expanded retail network but were also impacted by higher fertilizer sales and prices. Despite higher sales in this segment, second quarter results were below expectations due to cooler weather in April 2008, which delayed the timing of many of the Company's crop input sales into the third quarter. Nonetheless, the

improved margins in this segment, a result of strong fertilizer sales and prices, and the larger network contributed to an increase in EBITDA of \$17.6 million for the six months ended April 30, 2008.

- As at April 30, 2008, Viterra achieved total synergies of \$45.0 million, while restructuring and integration costs for the three-month period were \$3.4 million, primarily severance, consulting, advisory and other costs. Total integration costs incurred to date in fiscal 2008 were \$10.0 million.
- Following the close of the quarter, Viterra successfully completed the offering of 32.89 million shares, including an over-allotment option exercised by the underwriters, and raised \$441.4 million (net of underwriting fees and estimated expenses). In addition, Viterra successfully completed a \$400 million, five-year term credit facility. Of the new debt facility, \$232.0 million was used to repay the Company's existing Bridge Facility. The balance of the proceeds raised by the share and debt offerings will be used for general corporate purposes, including the funding of potential future acquisitions.

Mr. Schmidt added, "We continue to take the necessary steps to position this company for growth. The integration of AU is nearly complete and with our enhanced cash flow performance and the recent success of our financing efforts, we are building the resources necessary to move forward with our strategic endeavors."

Viterra will be hosting a conference call for interested parties on June 11, 2008 at 2:00 p.m.. Toronto time, 12:00 p.m. Regina time to discuss its Second Quarter Financial Report. Details are available on Viterra's website, under NewsRoom at www.viterra.ca.

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

Viterra Inc. is Canada's leading agribusiness, with extensive operations and distribution capabilities across Western Canada, and with operations in the United States and Japan. The new company is diversified into sales and services of crop

inputs and equipment, grain handling and marketing, livestock feed and services, agri-food processing and financial products. These operations are complemented by value-added businesses and strategic alliances which allow Viterra to leverage its pivotal position between Prairie farmers and destination customers. The Company's common shares are listed on the Toronto Stock Exchange under the symbol VT.

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Audio webcast: <http://events.onlinebroadcasting.com/swp/061108/index.php>

VITERRA

SECOND QUARTER REPORT – APRIL 30, 2008 MANAGEMENT’S DISCUSSION AND ANALYSIS

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1. RESPONSIBILITY FOR DISCLOSURE

Management's Discussion and Analysis ("MD&A") was prepared based on information available to Viterra Inc. (referred to herein as Viterra or the "Company") as of June 11, 2008. Management prepared this report to help readers interpret Viterra's consolidated financial results for the three and six-month periods ended April 30, 2008, compared to the same periods in the previous fiscal year. With the acquisition of Agricore United ("AU") on May 29, 2007, the results in the second quarter and six months ended April 30, 2008 reflect the performance of the integrated operations throughout those periods. However, under Canadian Generally Accepted Accounting Principles ("GAAP"), prior period results reflect the operations of Saskatchewan Wheat Pool Inc. (the "Pool") only and have not been restated to include the combined results of AU for the comparative period.

To support this discussion, this report includes information with respect to the agri-business industry, the markets in which the Company operates and any trends that may impact operating and financial performance into the future. This report should be read in conjunction with Viterra's 2007 Annual Report, the 2007 Annual Information Form and the Business Acquisition Report dated July 18, 2007, which are available on Viterra's website at www.viterra.ca as well as on SEDAR's website at www.sedar.com under Viterra Inc.

This MD&A, the unaudited Consolidated Balance Sheet, Statement of Earnings, Statement of Cash Flows, Statement of Comprehensive Income, Statement of Shareholders' Equity and Notes to the Consolidated Financial Statements have been prepared in accordance with GAAP and are presented in Canadian dollars unless specifically stated to the contrary. The Consolidated Statement of Comprehensive Income and changes in Accumulated Other Comprehensive Income included in the Statement of Shareholders' Equity represent new elements of the financial statements presented under the rules for the reporting and disclosure of Financial Instruments (see Section 7.1).

2. COMPANY OVERVIEW

Viterra is a vertically integrated Canadian agri-business engaged in a number of distinct but interrelated businesses. Founded in 1924, the Company serves western Canadian farmers and markets commodities and food products around the world. On May 29, 2007, the Company acquired effective control of AU, one of Canada's leading agri-businesses, with extensive operations and distribution capabilities across Western Canada as well as operations in the United States ("U.S.") and Japan. The acquisition resulted in the Company achieving a stronger and more diversified presence amid the growing demands of a highly competitive marketplace, while creating the scale and scope of operations to enhance its western Canadian position in the global environment.

Viterra's core businesses are diversified between grain handling and marketing, agri-products sales, livestock feed and services, agri-food processing and financial

services. Viterra also participates in fertilizer manufacturing through its ownership of Western Co-operative Fertilizers Limited (“Westco”), oat milling through its ownership of Can-Oat Milling (“Can-Oat”) and malt processing through its interest in Prairie Malt Limited. Viterra is involved in other commodity-related businesses through strategic alliances and supply agreements with domestic and international grain traders and food processing companies. The Company also markets commodities directly to global customers around the world.

In 2007, Viterra announced its intent to change its financial year-end from July 31 to October 31 to better align its reporting period with its business cycle. Unless otherwise noted, quarterly and year-to-date information presented herein reflects the results for the current and comparable fiscal period.

On August 30, 2007, the Company commenced using the operating name Viterra. Subsequently, on March 12, 2008 the shareholders approved an amendment to the Articles of the Company to change the corporate name from “Saskatchewan Wheat Pool Inc.” to “Viterra Inc.”. The Company’s shares now trade on the Toronto Stock Exchange (“TSX”) under the symbol “VT”.

3. SUMMARY AND ANALYSIS OF CONSOLIDATED RESULTS

Selected Consolidated Financial Information For the periods ended April 30 (in thousands - except percentages and per share amounts) (Unaudited)	Three Months		Better (Worse)	Six Months		Better (Worse)
	2008	2007		2008	2007	
Sales and other operating revenues	\$ 1,525,377	\$ 401,460	\$ 1,123,917	\$ 2,842,519	\$ 849,083	\$ 1,993,436
Gross profit and net revenues from services	\$ 203,766	\$ 68,324	\$ 135,442	\$ 388,994	\$ 139,687	\$ 249,307
Operating, general and administrative expenses	(125,243)	(44,518)	(80,725)	(229,201)	(89,512)	(139,689)
EBITDA	78,523	23,806	54,717	159,793	50,175	109,618
Amortization	(25,499)	(7,183)	(18,316)	(51,021)	(14,896)	(36,125)
EBIT	53,024	16,623	36,401	108,772	35,279	73,493
Integration expenses	(3,420)	(118)	(3,302)	(10,039)	(718)	(9,321)
Provision for pension settlement	-	-	-	-	(5,000)	5,000
Gain (loss) on disposal of assets	(199)	118	(317)	1,910	144	1,766
Financing expenses	(9,801)	(2,561)	(7,240)	(23,144)	(5,030)	(18,114)
	39,604	14,062	25,542	77,499	24,675	52,824
Recovery of (provision for) corporate taxes						
Current portion	(2,886)	(239)	(2,647)	(8,626)	-	(8,626)
Future Portion	(3,155)	(4,640)	1,485	5,907	(7,557)	13,464
Net earnings	\$ 33,563	\$ 9,183	\$ 24,380	\$ 74,780	\$ 17,118	\$ 57,662
Earnings per share	\$ 0.16	\$ 0.10	\$ 0.06	\$ 0.37	\$ 0.19	\$ 0.18

Sales and other operating revenues for the second quarter of fiscal 2008 increased \$1.1 billion to \$1.5 billion (2007 - \$401.5 million), contributing to total sales and other operating revenues for the six months ended April 30, 2008 of \$2.8 billion (2007 - \$849.1 million). Higher sales contributed to further improvements in gross margins, which rose to \$203.8 million for the second quarter of 2008, compared to \$68.3 million for the quarter ended April 30, 2007. For the six months ended April 30, 2008, gross margin grew by \$249.3 million to \$389.0 million, compared to \$139.7 million in the same six-month period in 2007. Quarter and year-to-date sales and margins benefited from strong commodity prices and solid contributions from Viterra’s expanded network.

During the quarter, Viterra generated consolidated earnings before interest, taxes, amortization, integration expenses, pension provisions, and gains on disposals of assets (“EBITDA” – see Non-GAAP terms on page 31) of \$78.5 million, an increase

of \$54.7 million compared to the same quarter of 2007. For the six months ended April 30, 2008, EBITDA improved by \$109.6 million, rising to \$159.8 million compared to \$50.2 million for the same six-month period in 2007. Higher margins in the Grain Handling and Marketing and Agri-Product segments, and incremental gross margins contributed from its new business segments of Livestock Feed and Services and Financial Products were the main reasons for improved earnings in 2008. Further information on segment performance is described in Section 4 “Segment Results”.

Amortization for the six months ended April 30, 2008, was \$51.0 million compared to \$14.9 million for the same six-month period in 2007. Higher amortization expense for the quarter and six-month period is largely the result of the additional AU assets which were revalued to their fair market value at the time of acquisition and are now being amortized based on their revised carrying cost.

Integration costs of \$3.4 million for the quarter reflect severance, consulting and advisory costs, and other integration costs incurred by the Company during the period. Total integration costs for the six months ended April 30, 2008 were \$10.0 million, compared to \$718,000 for the same period in 2007. More detail on these costs has been included in Section 8, “Restructuring and Integration Matters”.

Financing expenses of \$9.8 million for the quarter increased from the \$2.6 million expensed in same quarter of 2007. For the six months ended April 30, 2008 financing expenses increased by \$18.1 million over the same period of 2007. The increase in financing expenses is mainly the result of incremental borrowing required for the AU purchase and higher levels of short-term debt associated with higher working capital levels (see Section 6.3). Higher interest expenses this year were partially offset by an interest recovery of \$6.3 million on the appeal of a federal tax reassessment.

The gain on disposal of assets of \$1.9 million recorded for the six months ended April 30, 2008 largely reflects a gain realized in the first quarter on the sale of one of the Company’s Agri-products sites.

Viterra recorded a net corporate tax provision of \$6.0 million in the three-month period ended April 30, 2008 compared to a provision of \$4.9 million in the same period of 2007. For the six months ended April 30, 2008, the Company’s net tax provision was \$2.7 million. The net provision in 2008 includes \$13.5 million for an adjustment to the Company’s future tax balances as a result of the impact of federal tax reductions that were substantively enacted this year. In the most recent quarter, the Company also booked a recovery of \$5.0 million for its successful appeal of a federal tax reassessment of its 1997 taxation year and recognized an additional \$1.8 million gain for the impact of the non-taxable portion of the related interest recovery. Excluding these adjustments, the effective tax rate on a year-to-date basis is 29.7%, compared to 30.6% for the same period last year. Due to the Company’s loss carry-forwards, current taxes largely reflect the current taxes in the Company’s subsidiary operations and in the three-month period ended April 30, 2008, these increased by \$2.6 million to \$2.9 million.

Viterra's net earnings grew by \$24.4 million to \$33.6 million in the most recent quarter, relative to the same quarter of 2007. Earnings per share for the second quarter were \$0.16 compared to earnings per share of \$0.10 per share in the same quarter last year. For the six months ended April 30, 2008, net earnings improved by \$57.7 million to \$74.8 million and earnings per share were \$0.37 per share, compared to earnings of \$17.1 million (earnings per share of \$0.19 per share) in the comparable period of the prior year.

3.1 SELECT QUARTERLY INFORMATION

Select Quarterly Financial Information								
For the quarters ended								
<i>(Millions - except per share amounts)</i>								
<i>(Unaudited)</i>								
	April 30, 2008 Q2 ³	January 31, 2008 Q1 ³	October 31, 2007 Q5 ^{3,4}	July 31, 2007 Q4 ^{2,4}	April 30, 2007 Q3	January 31, 2007 Q2	October 31, 2007 Q1	July 31, 2006 Q4
Sales and other operating revenues	\$ 1,525.4	\$ 1,317.1	\$ 1,285.9	\$ 1,400.2	\$ 401.5	\$ 447.6	\$ 340.6	\$ 601.1
¹ Earnings (loss) from continuing operations	\$ 33.6	\$ 41.2	\$ 0.9	\$ 98.5	\$ 9.2	\$ 7.9	\$ (5.1)	\$ 13.4
¹ Earnings (loss) from continuing operations per share								
Basic and diluted	\$ 0.16	\$ 0.20	\$ -	\$ 0.58	\$ 0.10	\$ 0.09	\$ (0.06)	\$ 0.15
Net earnings (loss)	\$ 33.6	\$ 41.2	\$ 0.9	\$ 98.5	\$ 9.2	\$ 7.9	\$ (5.1)	\$ 13.5
Earnings (loss) per share (basic and diluted)	\$ 0.16	\$ 0.20	\$ -	\$ 0.58	\$ 0.10	\$ 0.09	\$ (0.06)	\$ 0.15

¹ Before discontinued operations in the July 31, 2006 quarter

² Includes consolidation of results of AU from May 29, 2007, the date of acquisition

³ Includes consolidation of results of AU for the entire quarter

⁴ As restated, See Note 11 of Consolidated Financial Statements

The Company's earnings follow the seasonal pattern of prairie grain production. Activity peaks in the spring as new crops are sown and in the fall as mature crops are harvested. The volume of grain shipments are relatively stable through the quarters, but can be influenced by destination customer demand, the Canadian Wheat Board's ("CWB") export program, and producers' marketing decisions. Sales of Viterra's Agri-products peak in May through July, corresponding with the growing season, supplemented by additional crop nutrient sales in the late fall. Although relatively steady throughout the year, sales in the Livestock Feed and Services segment tend to peak during the winter months as feed consumption increases. In the Agri-food business, earnings are more fluid with continuous demand for products throughout each quarter. Financial Products agency fees follow the related pattern of sales of the underlying activity in Agri-products and Livestock Services segments.

4. SEGMENT RESULTS

4.1 GRAIN HANDLING AND MARKETING

In the Grain Handling and Marketing segment, Viterra actively buys grain and oilseeds from farm customers throughout the year. Viterra tests the commodities for quality and cleans, dries and blends them in preparation for shipping. Viterra earns a margin for these services. Volumes, quality and export demand are key drivers in this business. Viterra markets non-Board grains and oilseeds directly to destination customers and buys and sells Canadian Wheat Board grains as an Agent and Accredited Exporter of the CWB. The level of shipments each quarter depends on demand from destination customers, the CWB export program and producer

marketing decisions, which are driven by commodity price expectations, harvest pressures and cash flow requirements.

Grain Handling and Marketing For the periods ended April 30 (in thousands - except percentages & margins) (Unaudited)	Three Months		Better (Worse)	Six Months		Better (Worse)
	2008	2007		2008	2007	
	Gross profit and net revenues from services	\$ 122,050		\$ 40,506	\$ 81,544	
Operating, general and administrative expenses	(44,495)	(24,207)	(20,288)	(87,134)	(48,038)	(39,096)
EBITDA	77,555	16,299	61,256	150,610	44,985	105,625
Amortization	(10,260)	(3,071)	(7,189)	(20,603)	(6,445)	(14,158)
EBIT	\$ 67,295	\$ 13,228	\$ 54,067	\$ 130,007	\$ 38,540	\$ 91,467
Operating Highlights						
Total sales and other operating revenue	\$ 1,144,454	\$ 274,608	\$ 869,846	\$ 2,133,186	\$ 608,241	\$ 1,524,945
[A] Industry receipts - six major grains (tonnes)	6,682	7,130	(6.3%)	15,363	15,497	(0.9%)
[B] Industry shipments - six major grains (tonnes)	6,944	7,791	(10.9%)	15,735	15,901	(1.0%)
[C] Primary Elevator Receipts (tonnes) *	3,008	1,669	80.2%	6,611	3,743	76.6%
Primary Elevator Shipments (tonnes)	3,390	1,882	80.1%	7,543	4,061	85.7%
[D] Six Major Grains	3,054	1,829	67.0%	6,897	3,949	74.7%
[E] Industry terminal handle - six major grains (tonnes)	4,528	4,834	(6.3%)	9,876	10,019	(1.4%)
[F] Port Terminal receipts (tonnes)	1,611	1,244	29.5%	4,039	2,530	59.6%
Vancouver	1,049	711	47.5%	2,333	1,470	58.7%
Thunder Bay	150	157	(4.5%)	759	481	57.8%
Prince Rupert Grain (Company share)	412	376	9.6%	947	579	63.6%
Market share (%) - Country Receipts *	[C]/[A] 45.0%	23.4%	21.6 pt	43.0%	24.2%	18.8 pt
Market share (%) - Shipments *	[D]/[B] 44.0%	23.5%	20.5 pt	43.8%	24.8%	19.0 pt
Margin (\$ per grain tonne shipped)	\$ 36.00	\$ 21.52	67.3%	\$ 31.52	\$ 22.91	37.6%
Licenced storage capacity (tonnes) **						
- Industry	5,120	5,196	(1.5%)	5,270	5,196	1.4%
- Company	1,838	1,264	45.4%	1,881	1,132	66.2%
Inventory turns (shipments divided by capacity)						
- Industry	5.43 x	6.00 x	(0.57 pt)	5.97 x	6.12 x	(0.15 pt)
- Company	7.38 x	5.96 x	1.42 pt	8.02 x	7.17 x	0.85 pt

* Represents six major grains

** Based on licenced storage reported at August 1, 2006 and December 28, 2007 by the Canadian Grain Commission, adjusted for recent business expansions and closures.

Following the acquisition of AU, the Company expanded its total country grain elevator handling capacity from 1.1 million tonnes to its current capacity of 1.8 million tonnes, an increase of about 62%. As a result, for the second quarter of fiscal 2008, Viterra shipped 3.4 million tonnes of grains and oilseeds from primary elevators, compared to 1.9 million tonnes in the same quarter of 2007, an increase of about 80.1%. For the six months ended April 30, 2008, the Company shipped 7.5 million tonnes compared to 4.1 million tonnes for the same period of 2007, an increase of about 85.7%. The improvement in shipments relative to capacity reflects the higher turnover ratio in 2008 as the Company now has greater efficiencies in its grain handling pipeline.

Viterra determines its market share based on primary elevator receipts and as noted in the Company's 2007 Annual Report, market share following the integration of AU was expected to normalize at about 42% (on the six major grains). Market share for the second quarter of 2008 was 45% and for the six months ended April 30, 2008 was 43%, slightly ahead of target.

Consistent with its first quarter, Viterra shipped a greater proportion of open market (non-CWB) grains and oilseeds relative to CWB grains. Approximately 43% of the Company's shipments were CWB grains in the second quarter of 2008, bringing the year-to-date split between CWB and non-CWB grains to 42:58. This compares to a split of 60:40 for the same quarter of 2007 and 58:42 for the six months ended April 30, 2007. Viterra expects its proportion of CWB to non-CWB grains to be more evenly distributed with the acquisition of AU, as the Company is now the leading merchandiser and exporter of oilseeds and pulses in Western Canada. The movement of non-CWB grains is typically stronger in the early part of the fiscal year and with the strong demand in the first six months of 2008, a significant portion of Viterra's

non-CWB sales are already completed. As such, the Company expects the shipments in the latter part of 2008 to favour CWB grains so that the proportion of CWB to non-CWB grains will align with expectations for 2008 (see “Outlook” in Section 5 and “Forward Looking Information” on page 33).

Lower CWB exports of wheat and durum for the first six months of 2008 contributed to a decline in the industry’s port terminal handle of 6.3% and 1.4% for the second quarter and six months ended April 30, 2008, respectively. However, Viterra’s increased port capacity in 2008 boosted volumes in Viterra’s wholly owned port terminals in Thunder Bay and Vancouver. As a result, Viterra’s port terminal receipts improved by 1.1 million tonnes in the six months ended April 30, 2008, or about 58% over the same period of the prior year.

Included in second quarter margins in 2008 is an insurance recovery related to a prior period claim of \$3.0 million that had not previously been accrued. Excluding this one-time item, gross margins for the second quarter were \$35.12 per tonne, an increase of \$13.60 per tonne over the same period of 2007. Unprecedented market conditions and the resulting volatility continue to provide unique demand for products and services and merchandising opportunities in the marketplace. Collectively, this has added about \$5.00 per tonne to margins this quarter, which is not expected to recur in future months.

For the six months ended April 30, 2008, gross margins per tonne (excluding the insurance recovery) were \$31.12 per tonne, an increase of \$8.21 per tonne over the same six-month period in 2007. This increase includes approximately \$1.00 per tonne of synergies resulting from the efficiencies achieved through the combination of the Pool and AU, including the leveraging of the Company’s logistics expertise to take advantage of rail efficiencies and ocean freight opportunities.

Other factors contributing to improved performance include:

- Improved terminal storage and blending revenue, coupled with improved cleaning performance and higher by-product revenues.
- Higher merchandising gains associated with the management of the Company’s non-CWB grain, in particular greater margins extracted from futures markets via spread trading/maximizing market carries (amount the market pays for interest and storage) and successful position trading (where the Company hold a long or short position) in both grain and freight markets. The nature of Viterra’s business requires the Company to take positions, as it is always buying grain from its producer customers and selling to its end-use customers. Back-to-back (simultaneous) buying and selling is neither practical nor practiced by most in the industry, hence, Viterra has grain and freight positions most of the time. Those positions vary in size and in nature (long or short) based on Viterra’s view of the market and market conditions, and are formulated by its access to real-time information. Viterra manages these positions within established corporate risk

parameters and has been able to generate benefits by employing its merchandising expertise.

- Additional margin opportunities realized by selling more of its product on a delivered basis (Cost and Freight – or “C&F” and Cost Insurance and Freight – or “CIF” basis versus Free on Board – or “FOB” selling). With FOB selling, the Company’s risk ends upon loading the buyer’s vessel, however the Company had less control over the delivery and logistical management of the product. By selling more on a C&F or CIF basis, Viterra has added another pricing point to extract additional value for the services it provides to destination customers. Additionally, by controlling vessel freight, the Company has improved asset utilization at its country and port terminals.
- Incremental margins generated from the Company’s handling of special crops (such as specialty oats, beans and lentils), commodities that it did not handle in the prior comparative quarter of 2007, increased the percentage of higher margin crops relative to total volumes.

Select commodity prices are provided below to illustrate the magnitude of price increases during the quarter and over the last six-month period.

Select Commodity Prices 2008 Fiscal Year Per Tonne	Three Months			Six Months		
	Opening 31-Jan 2008	Closing 30-Apr 2008	Increase (Decrease)	Opening 31-Oct 2007	Closing 30-Apr 2008	Increase (Decrease)
Wheat	\$ 230.50	\$ 266.39	\$ 35.89	\$ 176.00	\$ 266.39	\$ 90.39
Feed Barley	\$ 215.80	\$ 240.50	\$ 24.70	\$ 188.50	\$ 240.50	\$ 52.00
Oats (priced in U.S.Dollars)	\$ 235.10	\$ 248.34	\$ 13.24	\$ 208.58	\$ 248.34	\$ 39.76
Flax	\$ 629.89	\$ 649.57	\$ 19.68	\$ 492.10	\$ 649.57	\$ 157.47
Canola	\$ 599.30	\$ 623.10	\$ 23.80	\$ 449.70	\$ 623.10	\$ 173.40
Peas	\$ 339.88	\$ 358.25	\$ 18.37	\$ 248.02	\$ 358.25	\$ 110.23
Yellow Mustard	\$ 1,102.31	\$ 1,212.54	\$ 110.23	\$ 992.08	\$ 1,212.54	\$ 220.46

Select Commodity Prices 2007 Fiscal Year Per Tonne	Three Months			Six Months		
	Opening 31-Jan 2007	Closing 30-Apr 2007	Increase (Decrease)	Opening 31-Oct 2006	Closing 30-Apr 2007	Increase (Decrease)
Wheat	\$ 164.00	\$ 173.00	\$ 9.00	\$ 137.50	\$ 173.00	\$ 35.50
Feed Barley	\$ 169.00	\$ 185.10	\$ 16.10	\$ 153.10	\$ 185.10	\$ 32.00
Oats (priced in U.S.Dollars)	\$ 199.97	\$ 192.58	\$ (7.39)	\$ 181.88	\$ 192.58	\$ 10.70
Flax	\$ 265.73	\$ 295.26	\$ 29.53	\$ 230.30	\$ 295.26	\$ 64.96
Canola	\$ 403.40	\$ 392.80	\$ (10.60)	\$ 351.50	\$ 392.80	\$ 41.30
Peas	\$ 202.09	\$ 257.21	\$ 55.12	\$ 163.51	\$ 257.21	\$ 93.70
Yellow Mustard	\$ 485.02	\$ 507.06	\$ 22.04	\$ 396.83	\$ 507.06	\$ 110.23

Source: Company Reports

With higher commodity prices, the marketplace has had to adapt to significantly higher working capital financing costs (see discussion of Non-Cash Working Capital Analysis in Section 6.3). For example, as illustrated in the table above, canola prices have risen to \$623.10 per tonne at April 30, 2008 compared to \$392.80 per tonne at the same time in 2007. The resulting \$230.30 per tonne increase in commodity values, assuming a 7% financing charge, requires an additional spread of \$1.34/tonne per month. Additional margins earned to cover these costs are included in the segment results, however the additional interest costs are only reflected at the consolidated level as part of Viterra’s overall financing expenses.

Operating, general and administrative (“OG&A”) expenses for the Grain Handling and Marketing segment increased by \$20.3 million for the second quarter and \$39.1 million for the six months ended April 30, 2008. This is primarily a result of incremental wages, salaries, benefits, insurance, utilities, and other facilities costs associated with the expanded grain elevator network. A portion of the increased costs also represents additional costs necessary to support the combined operations of the Company as it completes its integration efforts. The Company expects to phase out these additional costs over the next three to nine months. OG&A expenses were up in the second quarter compared to the earlier part of the fiscal year due mainly to higher wages, salaries and benefit costs associated with greater statutory contributions in the early part of the calendar year, group insurance costs expensed in the quarter and higher vacation pay accruals.

Strong grain handling volumes and margins, offset in part by higher OG&A expenses, resulted in EBITDA of \$77.6 million for the second quarter of 2008, compared to \$16.3 million in the same period last year, an increase of \$61.3 million. For the six months ended April 30, 2008, EBITDA improved by \$105.6 million to \$150.6 million compared to \$45.0 million for the same six-month period of 2007.

4.2 AGRI-PRODUCTS

Agri-products For the periods ended April 30 (In thousands - except percentages) (Unaudited)	Three Months		Better (Worse)	Six Months		Better (Worse)
	2008	2007		2008	2007	
Gross profit and net revenues from services	\$ 45,279	\$ 21,922	\$ 23,357	\$ 92,380	\$ 34,274	\$ 58,106
Operating, general and administrative expenses	(33,025)	(11,289)	(21,736)	(61,940)	(21,461)	(40,479)
EBITDA	12,254	10,633	1,621	30,440	12,813	17,627
Amortization	(11,258)	(2,659)	(8,599)	(22,566)	(5,548)	(17,018)
EBIT	\$ 996	\$ 7,974	\$ (6,978)	\$ 7,874	\$ 7,265	\$ 609
Operating Highlights						
Seed, Fertilizer, Crop Protection, Other Sales	\$ 202,471	\$ 93,443	\$ 109,028	\$ 368,417	\$ 173,443	\$ 194,974
Fertilizer *	\$ 106,871	\$ 52,394	\$ 54,477	\$ 262,289	\$ 124,126	\$ 138,163
Crop Protection	\$ 27,236	\$ 11,397	\$ 15,839	\$ 29,078	\$ 12,138	\$ 16,940
Seed	\$ 59,567	\$ 26,396	\$ 33,171	\$ 60,351	\$ 29,411	\$ 30,940
Equipment sales and other revenue	\$ 8,797	\$ 3,256	\$ 5,541	\$ 16,699	\$ 7,768	\$ 8,931
Margin (% of Sales)	22.4%	23.5%	(1.1 pt)	25.1%	19.8%	5.3 pt

* Consolidated sales from retail operations and WCFL.

Retail sales of Agri-products are seasonal and correlate directly to the life cycle of the crop, with more than 75% of the segment’s annual sales and earnings typically generated between mid-April and the end of June, when producers purchase their crop inputs: seed, fertilizer and crop protection products. During the first two quarters, Viterra works closely with its customer base providing planning, agronomic and customized solutions in preparation for the next year’s crop. Viterra also works with suppliers to position product and inventories in advance of the intense spring selling period.

With the acquisition of AU, Viterra expanded its retail facility network from 100 to 275 facilities and acquired an additional 57% ownership in Westco, becoming the sole owner of this fertilizer wholesaler and manufacturer.

Consolidated sales and other operating revenues for the Agri-products segment during the second quarter were up significantly from the prior year, increasing by \$109.0

million to \$202.5 million compared to \$93.4 million for the same three-month period of the prior year. For the six months ended April 30, 2008, total sales and other operating revenues increased by \$195.0 million to \$368.4 million compared to \$173.4 million for the same six-month period of the prior year. Fertilizer sales increased by \$54.5 million in the second quarter to \$106.9 million (and increased by \$138.2 million to \$262.3 million for the six months ended April 30, 2008), due to the expanded retail network, higher fertilizer prices and volumes. Fertilizer prices continue to reach new highs due to tight world supplies, significant reductions in exports from China and heightened demand from India, Brazil, and the U.S. Domestically, higher commodity prices are also contributing to greater demand as producers purchase additional volumes to maximize the yield potential of their crops.

Seed sales during the second quarter were \$59.6 million, an increase of \$33.2 million over the \$26.4 million reporting in the three months ended April 30, 2008 reflecting Viterra's expanded customer base, as well as an increase in wheat and durum demand in 2008. Farmers are expected to increase their wheat acreage plantings (and reduce unseeded acres or "summer fallow") to capture significantly higher commodity prices for those crops (see "Outlook" in Section 5).

Although seed and fertilizer sales and revenues improved over prior comparable periods, sales were still below expectations for the quarter as colder weather in April delayed the timing of the spring season, pushing a greater proportion of anticipated sales volume into the third quarter. Producer prepayments for spring agri-products remained high at April 30, 2008 at \$265.1 million, compared to \$59.0 million at the same time last year.

Sales in the Company's crop protection products and equipment and other revenue increased \$15.8 million in the second quarter. Higher crop protection product sales were due to the expanded network plus significant price increases this year for glyphosates (herbicides used to control weeds), a result of increased global demand and tight supply. This was offset, in part, by lower volumes due to colder temperatures and significant snowfall in late April, which prevented pre-seed applications. The \$5.5 million increase in equipment sales and other revenue is consistent with the Company's strong fertilizer sales as producers increased their on-farm fertilizer bin purchases to manage the storage of their products.

Gross margins were \$45.3 million for the second quarter of 2008 and \$92.4 million for the six months ended April 30, 2008, compared to \$21.9 million and \$34.3 million for the respective comparable periods of the prior year. Stronger sales, incremental earnings associated with the additional ownership interest in Westco, improved fertilizer margins realized in the first quarter of this year due to inventory appreciation, and higher crop protection margins (which also reflect a component of inventory appreciation in the earlier part of the fiscal year) were the primary factors for Viterra's year-to-date performance. For the second quarter, margins were negatively impacted by the delayed timing of spring sales since gains on inventory appreciation remain unrealized until the corresponding sales have been concluded. In addition, the Company's seed margin as a percentage of sales decreased by 4.7% in

the second quarter compared to the same quarter of the prior year. This reflects a shift in product mix as producers purchased a greater proportion of lower margin seed products this quarter which partially offset higher margins in other seed product lines.

OG&A expenses increased by \$21.7 million for the second quarter of 2008, to \$33.0 million and by \$40.5 million for the six months ended April 30, 2008 to \$61.9 million. Incremental expenses for salaries, insurance, utilities, facilities and other variable costs associated with the expanded facility network, together with additional expenses attributable to the increased ownership interest in Westco accounted for most of this increase. OG&A expenses were up in the second quarter compared to the earlier part of the fiscal year due mainly to additional variable costs associated with the peak spring season.

Higher gross profit in the second quarter, although affected by the factors discussed above, still exceeded the higher OG&A expenses necessary to maintain the Company's expanded network of facilities and contributed to EBITDA of \$12.3 million for the second quarter, an increase of \$1.6 million over the same period of 2007. For the six months ended April 30, 2008, EBITDA increased by \$17.6 million to \$30.4 million, largely a result of strong first quarter sales.

4.3 AGRI-FOOD PROCESSING

Agri-food Processing For the periods ended April 30 (in thousands - except percentages and margins) (Unaudited)	Three Months		Better (Worse)	Six Months		Better (Worse)
	2008	2007		2008	2007	
Gross profit and net revenues from services	\$ 15,110	\$ 5,896	\$ 9,214	\$ 17,427	\$ 12,390	\$ 5,037
Operating, general and administrative expenses	(2,327)	(1,643)	(684)	(3,913)	(3,469)	(444)
EBITDA	12,783	4,253	8,530	13,514	8,921	4,593
Amortization	(1,444)	(1,453)	9	(2,889)	(2,903)	14
EBIT	\$ 11,339	\$ 2,800	\$ 8,539	\$ 10,625	\$ 6,018	\$ 4,607
Operating Highlights						
Total sales & revenue	\$ 52,035	\$ 37,474	38.9%	\$ 95,210	\$ 73,448	29.6%
Tonnes Sold	85	74	14.9%	170	149	14.1%
Margin per Tonne	\$ 177.76	\$ 79.68	123.1%	\$ 102.51	\$ 83.15	23.3%

Viterra's significant interests in Agri-food Processing include wholly-owned Can-Oat, the world's largest industrial oat miller, with plants in Portage la Prairie, Manitoba, Martensville, Saskatchewan, and Barrhead, Alberta, and a 42.4% interest in Prairie Malt Limited, a single-site malting plant located at Biggar, Saskatchewan.

Can-Oat is an established market leader in industrial oat supply and the supplier of choice for many North American food manufacturers. For the oat milling business, yield is a significant factor in profitability. In an average year, it takes 1.6 tonnes of raw oats to produce one tonne of oat ingredients. The quality of raw oats has the largest impact on yield. Oats are priced in U.S. dollars and the world feed grain market predominantly drives prices. The price of finished goods moves up and down with the price of oats. A strong Canadian dollar can create foreign exchange challenges thus currency hedging practices are important to protect margins.

In Viterra's malt business, reliable quality is a key factor in maintaining sales relationships with international customers. Only high-quality malt barley is selected for the malting process so crop quality can affect supply and increase production

costs. For Prairie Malt, energy consumption, labour and yield maximization (the amount of malt produced from a tonne of barley) are key production drivers. Natural gas is also a key factor in production thus rising gas prices can affect margins. Since sales are priced in U.S. dollars, Prairie Malt reduces the impact of foreign currency fluctuations by engaging in currency hedging activities.

Sales in the Agri-food Processing segment for the quarter were \$52.0 million, up 38.9% from the comparable period of 2007. For the six months ended April 30, 2008, sales increased by 29.6% to \$95.2 million compared to \$73.4 million for the same period of 2007. The improvements were due to stronger sales in both Prairie Malt and Can-Oat, with greater demand for both companies' products, coupled with higher barley prices.

Gross margins in the second quarter of 2008 improved by \$9.2 million compared to the same quarter of 2007. Effective November 1, 2007, Can-Oat "de-designated" all of its foreign exchange contracts previously accounted for as hedges, such that gains or losses arising from mark to market adjustments since November 1, 2007 are recognized in income. This change, coupled with the unwinding of Can-Oat's structural foreign exchange contracts in the second quarter resulted in the recognition of a \$2.4 million gain in Can-Oat's gross margins in the quarter. For the six months ended April 30, 2008, total mark to market adjustments and realized gains amounted to a \$2.9 million charge to gross margins.

Excluding the above mark-to-market adjustment, operating margins otherwise improved by \$6.8 million in the quarter, and \$7.9 million for the six months ended April 30, 2008. Prairie Malt continued to benefit from improved margins through the quarter due to lower valued inventory purchased earlier in the year and higher selling prices. This benefit is expected to taper off in coming quarters as newer inventory purchases will be based on higher priced product. Can-Oat's margins also improved through the second quarter due to lower inventory costs and higher sales prices. Additionally, Can-Oat's yield factor for the second quarter was 1.619, compared to 1.643 in the same quarter of 2007, meaning it has reduced the amount of raw oat tonnes in its production by 1.5%, which contributed to higher margins in the quarter.

OG&A expenses increased by \$684,000 in the second quarter of 2008, compared to the same three-month period of 2007. For the six months ended April 30, 2008, total OG&A costs increased by \$444,000 (12.8%) over the same period of the prior year. The increase in the quarter and six-month OG&A expenses is largely due to higher expenses in Can-Oat, including higher benefit costs associated with the impact of improved operating performance and Viterra's increased stock price on the accrual of Can-Oat's incentive plans and increased legal expenses.

Segment EBITDA was \$12.8 million for the second quarter, up \$8.5 million from the same period last year. On a year-to-date basis, EBITDA of \$13.5 million improved by \$4.6 million in the six months ended April 30, 2008 compared to the same period of 2007. Excluding the impact of the foreign exchange gains and losses in Can-Oat, EBITDA improved by \$6.1 million for the quarter and \$7.5 million for the six months

ended April 30, 2008. Improvements in EBITDA were largely a result of improved sales and margins, offset in part by higher OG&A costs.

4.4 LIVESTOCK FEED AND SERVICES

Livestock Feed and Services For the periods ended April 30 (in thousands - except percentages and margins) (Unaudited)	Three Months		Better (Worse)	Six Months		Better (Worse)
	2008	2007		2008	2007	
Gross profit and net revenues from services	\$ 19,382	\$ -	\$ 19,382	\$ 37,383	\$ -	\$ 37,383
Operating, general and administrative expenses	(22,437)	-	(22,437)	(35,132)	-	(35,132)
EBITDA	(3,055)	-	(3,055)	2,251	-	2,251
Amortization	(2,377)	-	(2,377)	(4,698)	-	(4,698)
EBIT	\$ (5,432)	\$ -	\$ (5,432)	\$ (2,447)	\$ -	\$ (2,447)
Operating Highlights						
Feed sales (tonnes)	425	-	100.0%	869	-	100.0%
Feed sales and revenues from services	\$ 123,817	\$ -	100.0%	\$ 243,014	\$ -	100.0%
Non-feed sales and revenue from services	\$ 9,247	\$ -	100.0%	\$ 17,396	\$ -	100.0%
Feed margin (\$ per feed tonne sold)	\$ 48.65	\$ -	100.0%	\$ 45.71	\$ -	100.0%
Non-feed gross profit & net revenue from services	\$ (1,296)	\$ -	100.0%	\$ (2,338)	\$ -	100.0%

This division represents a new reporting segment for the Company following the acquisition of AU. The segment formulates and manufactures feed for swine, dairy and beef cattle, poultry and other specialty feeds from six feed mills and three pre-mix facilities across Western Canada and at six feed mill locations in Texas, New Mexico and Oklahoma in the U.S. The key driver in the profitability of feed manufacturing closely correlates to feed tonne volumes, since feed sales prices typically fluctuate in response to the underlying cost of ingredients to maintain relatively stable margins. Margins remain relatively consistent year-over-year, with margins of \$41 to \$43 per tonne reflecting an average annualized margin. However, there can be some seasonal variability in the U.S. market, with lower margins generated in the spring when the sales product mix shifts to lower margin products aimed at commercial feedlots.

This segment also engages in a number of value-added services to complement its manufacture, sale and distribution of feed products and to enhance its relationships with livestock customers. These include financial services, nutritional consulting, farm operation consulting, ingredient forward contracting services and swine marketing on behalf of livestock producers. In addition, non-feed profits include the Company's equity investment in the Puratone Corporation ("Puratone"). Profitability from swine sales and Puratone follow the underlying movements in hog prices.

Feed sales of \$243.0 million (about \$280 per tonne) for the six months ended April 30, 2008 reflect sales values associated with increasing commodity prices. Gross profit on feed was ahead of expectations for the quarter and was \$19.3 million (or \$48.65 per tonne). Higher margins in the most recent quarter reflect margin opportunities realized as a result of escalating and volatile commodity markets. Also adding to higher margins was a shift in product mix, with a higher proportion of mixed feed sales in the quarter that contribute higher margins per tonne. For the six months ended April 30, 2008, gross profit on feed was \$45.71 per tonne, which reflects the stronger performance in the second quarter.

Current quarter performance in the feed segment includes results from the Company's acquisition of Sunrise Feeds LLC ("Sunrise"), a U.S. manufacturer and retailer of

beef, horse and other animal feed and pasture supplements which closed on March 3, 2008 and the acquisition of V-S Feed and Agri-Supplies Ltd. (“V-S Feed”) in Alberta which closed April 7, 2008. The Company’s acquisition of Gore Bros., Inc. and Gore's Trucking, Inc. closed on April 28, 2008, and therefore only two days of these results are included in the current period.

Segment results also include a \$2.3 million loss in non-feed gross profit for the six months ended April 30, 2008, which includes a \$1.8 million loss attributable to the Company’s equity share in Puratone. The loss in Puratone reflects the continuing downturn in the hog cycle and stronger Canadian dollar, which contributed to weaker hog markets.

Weaker hog markets also contributed to write-downs in this segment in the current quarter. Included in OG&A expenses for the three months ended April 30, 2008 are \$6.5 million of expenses related to the Company’s exit from the hog business. These include write-downs on receivables and hog inventory and provisions for ongoing lease obligations on certain hog barns. After accounting for these charges, OG&A expenses for the quarter were \$15.9 million, in line with expectations.

Higher gross profit from feed, offset by losses in the non-feed business and higher OG&A expenses associated with the write-downs on the hog business resulted in an EBITDA loss for the quarter of \$3.0 million. For the six months ended April 30, 2008, EBITDA was \$2.3 million (or \$8.8 million, excluding the impact of the hog related provisions and write-downs taken in the second quarter).

4.5 FINANCIAL PRODUCTS

Financial Products For the periods ended April 30 (in thousands) (Unaudited)	Three Months		Better (Worse)	Six Months		Better (Worse)
	2008	2007		2008	2007	
Gross profit and net revenues from services	\$ 1,945	\$ -	\$ 1,945	\$ 4,060	\$ -	\$ 4,060
Operating, general and administrative expenses	(1,142)	-	(1,142)	(2,137)	-	(2,137)
EBITDA	803	-	803	1,923	-	1,923
Amortization	(105)	-	(105)	(210)	-	(210)
EBIT	\$ 698	\$ -	\$ 698	\$ 1,713	\$ -	\$ 1,713
Total sales and revenues from services	\$ 2,029	\$ -	100.0%	\$ 4,060	\$ -	100.0%

Through both Viterra Financial™ and Unifeed Financial®, the Company acts as an agent of a Canadian Schedule I chartered bank. Viterra Financial extends unsecured trade credit at competitive rates to the Company’s Agri-products customers. Unifeed Financial offers secured loans to customers to purchase feeder cattle and feeder hogs, as well as related feed inputs, with terms that do not require payment until the livestock is sold. The Company directly manages the customer relationship and receives a fee for performing front-end credit review and management services. In addition to these credit programs, this segment also offers other ancillary financial and risk management products to producers.

The profitability of this segment relates to the level, duration and quality of credit in a given period, which, in turn, is influenced by crop input and feed prices, farm income levels, and interest rates.

As a new operating segment of the Company following the acquisition of AU, gross profit for the first quarter of 2008 primarily represented earnings associated with credit to former AU customers. Previous credit arrangements for the Pool customers were advanced through Farm Credit Canada (“FCC”). On February 4, 2008, the outstanding credit receivables owned by FCC were sold to a Canadian Schedule I chartered bank. As such, performance in the second quarter reflects the results of operations with respect to credit advanced to all participating Viterra customers.

EBITDA for this segment was \$803,000 for the second quarter of 2008 and \$1.9 million for the six months ended April 30, 2008. Results for this segment have some component of seasonality and the second quarter reflects the period in which accounts are typically at their lowest during the year due to significant producer account repayments in February. Therefore, although credit is being advanced to a larger base of customers in the most recent quarter, significant account repayments in February reduced the average portfolio balance in the second quarter, thereby reducing the corresponding interest revenue relative to the first quarter of 2008.

4.6 CORPORATE EXPENSES

Corporate Expenses For the periods ended April 30 (in thousands) (Unaudited)	Three Months		Better (Worse)	Six Months		Better (Worse)
	2008	2007		2008	2007	
Operating, general and administrative expenses	\$ (21,817)	\$ (7,379)	\$ (14,438)	\$ (38,945)	\$ (16,544)	\$ (22,401)
Amortization	(55)	-	(55)	(55)	-	(55)
EBIT	\$ (21,872)	\$ (7,379)	\$ (14,493)	\$ (39,000)	\$ (16,544)	\$ (22,456)

Corporate OG&A expenses increased by \$14.4 million for the second quarter of fiscal 2008 compared to the same period last year. On a year-to-date basis, OG&A expenses increased by \$22.4 million over the comparable period of 2007. The increase in corporate expenses includes additional salary, rent, telephone and IT costs for additional staff supporting the operations during the integration period. It is expected that these costs will be phased out over the next three to nine months as integration efforts conclude (see Section 8, “Restructuring and Integration Matters”). Higher corporate expenses for the most recent quarter also reflect higher benefit costs associated with the impact of the Company’s operating performance and stock price on its short-term and long-term incentive plans, increased salary costs associated with additional senior management personnel to support the growth initiatives of the Company, and increased office and administration costs.

5. OUTLOOK

In addition to other sections of the Company’s report, this section contains forward-looking information and actual outcomes may differ materially from those expressed or implied therein. For more information, please see “Forward-Looking Information” on page 33 of this report.

The Company expects industry shipments for the 2008 crop year to be about 31 million tonnes (approximately 68% of the estimated production), down from 33.6

million tonnes last year. While, the Company's market share for the six major grains is anticipated to remain at about 42%, full year volumes will be dependent upon the success of the CWB exports program and good weather conditions through the balance of 2008.

Western Canada's Six Major Grains Production Estimate ('000's metric tonnes)	2007 Crop Estimate	2006 Crop	% Change
Wheat	18,395	22,442	(18.0%)
Barley	10,313	8,868	16.3%
Canola	8,704	8,974	(3.0%)
Oats	4,288	3,429	25.1%
Peas	2,935	2,520	16.5%
Flax	633	989	(36.0%)
	45,268	47,222	

Source: Statistics Canada Field Crop Reporting Series, Vol. 86, No. 8, December 6, 2007

For the next six months, Viterra expects to ship a higher percentage of CWB grains which are purely tariff-based and do not provide the merchandising and mark-to-market appreciation opportunities of non-CWB grains. As a result, management does not expect to sustain the margins it has delivered in the first half of the year. However, based on its strong performance to date, management believes that its annualized margins will exceed the previously adjusted range of \$24 to \$26 per tonne and will average between \$26 and \$30 per tonne for fiscal 2008.

On April 21, 2008, Statistics Canada issued their survey on seeding intentions for 2008/09 indicating that Prairie farmers anticipate increasing seeded acreage for crops such as canola, field peas, wheat and durum, and seeding fewer acres of oats and barley. Summer fallow area (unseeded acres) is expected to fall to record low levels.

Crop Year Seeded Acreage Western Canada					
<i>(in millions of acres)</i>					
	All Wheat	Coarse Grains	Oilseeds	Special Crops	Total
5-year average for crop years 2003-2007	23.4	15.4	15.0	6.3	60.1
2008 Estimate	23.7	13.2	16.2	6.2	59.3
2007	20.7	15.6	16.0	6.3	58.6
2006	22.8	13.5	15.0	5.4	56.7
2005	23.8	14.8	15.6	6.7	60.9
2004	24.5	15.8	14.9	7.1	62.3
2003	25.0	17.4	13.5	6.2	62.1

Source: Statistics Canada, Principal Field Crops, April 21, 2008

As noted, Agri-product sales are expected to improve in the third quarter since cooler weather in April forced producers to defer some purchases until May. With delayed sales, the recognition of the Company's fertilizer inventory appreciation gains were also deferred and these are expected to contribute to stronger agri-product margins in the next quarter relative to the second quarter. Fertilizer prices increased again in May and the expectation is that these prices may continue to rise through the post application season. Strong demand for the Company's fertilizer products will depend on grain and oilseed prices and weather throughout the growing season. Global market pressures have also continued to force price increases on certain of the Company's crop protection products and while cooler weather in April slowed weed

growth, sales and bookings were strong in the early part of the third quarter as customers secured product in advance of anticipated price increases.

Seeding is virtually complete throughout the Prairies at the end of May and favourable weather conditions throughout the summer will be key to achieving expected yield and production levels in 2008/09.

Challenges in the Canadian hog industry continue, with the strong Canadian dollar, low hog prices and the consolidation of many industry players. In light of current hog market conditions, the Company continues to monitor its investment in Puratone and its portfolio of accounts with hog producers. If poor market conditions continue through 2008, the Company could incur additional write-offs in the latter half of the year. While the Company's livestock operations are diversified (both geographically and among different species), higher feed ingredient costs in 2008 are also contributing to higher feed prices. This may further exacerbate the strain on livestock producers (hog producers in particular) and negatively affect the operations of the Livestock Feed and Services segment through the remainder of 2008.

Subsequent to quarter-end the Company completed a common share offering and issued 32,890,000 shares at a price of \$14.00 per share. Viterra received gross proceeds of \$460.5 million from the offering and subsequent over-allotment (net proceeds of \$441.4 million after underwriting fees and estimated expenses of \$650,000). The proceeds of the offering will be used for general corporate purposes, including the funding of potential future acquisitions.

During May 2008, the Company also successfully completed a \$400 million, five-year term credit facility. Viterra drew \$300 million from the facility and repaid \$232.0 million of the outstanding amounts on its Bridge Facility. The remaining \$100 million of available funds can be drawn by the Company during the next six months for general corporate purposes, including the funding of potential future acquisitions.

Viterra is currently engaged in collective bargaining with the Grain Services Union ("GSU") in relation to its Saskatchewan maintenance and operations and head office employees and its employees in the Alberta and Manitoba facilities under the AgPro name, representing a total of approximately 860 employees. If the Company and GSU fail to reach a mutual agreement, the earliest notification of a strike or lockout is July 2, 2008. Any labour difficulties would be disruptive to the Corporation's operations and could have an adverse impact on its financial results (see Section 9 – "Negotiation of the New Collective Bargaining Agreements").

6. LIQUIDITY AND CAPITAL RESOURCES

6.1 Cash Flow Information

Cash Flow Provided by Operations For the periods ended April 30 (in thousands - except percentages & per share amounts) (Unaudited)	Three Months			Six Months		
	2008	2007	Better (Worse)	2008	2007	Better (Worse)
EBITDA	\$ 78,523	\$ 23,806	\$ 54,717	\$ 159,793	\$ 50,175	\$ 109,618
Add (Deduct):						
Employee Future Benefits	208	230	(22)	366	454	(88)
Equity loss of significantly influenced companies	308	(30)	338	1,750	(59)	1,809
Other items	45	384	(339)	(116)	676	(792)
Adjusted EBITDA	79,084	24,390	54,694	161,793	51,246	110,547
Integration expenses	(3,420)	(118)	(3,302)	(10,039)	(718)	(9,321)
Cash interest expense	(9,046)	(2,070)	(6,976)	(21,411)	(4,048)	(17,363)
Pre-tax cash flow	66,618	22,202	44,416	130,343	46,480	83,863
Current income taxes	(2,886)	(239)	(2,647)	(8,626)	-	(8,626)
Cash Flow Provided by Operations	\$ 63,732	\$ 21,963	\$ 41,769	\$ 121,717	\$ 46,480	\$ 75,237
Per share	\$ 0.31	\$ 0.24	\$ 0.07	\$ 0.60	\$ 0.52	\$ 0.08

For the three months ended April 30, 2008, Viterra generated cash flow provided by operations of \$63.7 million, an increase of \$41.8 million over last year. On a year-to-date basis, cash flow provided by operations increased by \$75.2 million to \$121.7 million for the six months ended April 30, 2008. The improvement reflects higher EBITDA, offset by integration costs and higher cash financing costs incurred by Viterra during the respective periods. Actual current income taxes are significantly less than those imputed using the prevailing tax rate on pre-tax cash flows due to the tax shield provided by capital cost allowance and the Company's loss-carry-forwards.

Cash Flow Provided by (Used in) Operating Activities For the periods ended April 30 (in thousands) (Unaudited)	Three Months			Six Months		
	2008	2007	Better (Worse)	2008	2007	Better (Worse)
Net earnings	\$ 33,563	\$ 9,183	\$ 24,380	\$ 74,780	\$ 17,118	\$ 57,662
Adjustments for items not involving cash	30,169	12,780	17,389	46,937	29,362	17,575
Cash flow provided by operations *	\$ 63,732	\$ 21,963	\$ 41,769	\$ 121,717	\$ 46,480	\$ 75,237
Changes in non-cash working capital items	(31,008)	(34,948)	3,940	(359,743)	(71,152)	(288,591)
Cash flow provided by (used in) operating activities	\$ 32,724	\$ (12,985)	\$ 45,709	\$ (238,026)	\$ (24,672)	\$ (213,354)
Free Cash Flow						
Cash flow provided by operations *	\$ 63,732	\$ 21,963	\$ 41,769	\$ 121,717	\$ 46,480	\$ 75,237
Property, plant and equipment expenditures	(13,066)	(5,659)	(7,407)	(19,678)	(14,049)	(5,629)
Proceeds on sale of property, plant and equipment	14	11	3	2,237	127	2,110
Other investing activities	25,438	30,429	(4,991)	1,210	3,778	(2,568)
Free Cash Flow	\$ 76,118	\$ 46,744	\$ 29,374	\$ 105,486	\$ 36,336	\$ 69,150

* See Non-GAAP terms in Section 10

Free cash flow is measured by cash flow provided by operations less capital expenditures, net of proceeds and other investing activities (excluding business acquisitions) and does not reflect changes in non-cash working capital. For the three-month period ended April 30, 2008, free cash flow improved by \$29.4 million from the comparable period of the prior year. For the six months ended April 30, 2008, free cash flow rose to \$105.5 million, an increase of \$69.2 million from 2007. Higher free cash flow is a result of improved cash flow provided by operations, reduced by higher expenditures on property, plant, equipment and other investing activities.

6.2 Investing Activities

Capital expenditures for the three months and six months ended April 30, 2008, were \$13.1 million and \$19.7 million, respectively. This compares to \$5.7 million and

\$14.0 million for the comparable periods of the prior year. Capital expenditures in 2008 reflect a number of capital improvements undertaken in the ordinary course of business. Proceeds of \$2.2 million for the six months ended April 30, 2008 mainly reflects proceeds received on the sale of one of the Company's agri-product sites during the first quarter.

On an annualized basis, Viterra expects consolidated capital expenditures of approximately \$60 million and these are expected to be funded by cash flow provided by operations.

6.3 Non-cash Working Capital

Non-Cash Working Capital <i>As at April 30 (in thousands)</i> <i>(Unaudited)</i>	2008	2007	<i>Better (Worse)</i>
Inventories	\$ 1,162,790	\$ 293,919	\$ 868,871
Accounts receivable	680,920	165,428	515,492
Prepaid expenses and deposits	155,567	66,611	88,956
Accounts payable and accrued liabilities	(1,046,009)	(317,950)	(728,059)
	\$ 953,268	\$ 208,008	\$ 745,260

Inventories at the end of April 30, 2008 were \$868.9 million higher than at April 30, 2007. Grain inventories increased by \$423.4 million, due mainly to higher inventories associated with the additional AU facilities and higher commodity prices. Agri-Products inventories increased by \$410.0 million, a result of the additional AU facilities, higher crop input values, and the delayed sales season in April 2008. The balance of the increase is due mainly to livestock feed inventories which are not in prior year comparatives.

Accounts receivable at the end of April 30, 2008 were \$515.5 million higher than at April 30, 2007. Again, this reflects the expanded customer base of the Company following the acquisition of AU, as well as higher sales values in the current year.

The \$89.0 million increase in prepaid expenses and deposits largely reflects higher prepayments to suppliers for fertilizer products.

Accounts payable and accrued liabilities were up \$728.1 million over the balance at April 30, 2007. This was largely a result of an increase in payables associated with the expanded business operations, higher commodity prices, severance and integration cost accruals, as well as a \$206.2 million increase in customer deposits.

Increased working capital was financed by additional short and long-term debt (see Section 6.4 – “Financing Activities”) and cash flow provided by operations.

6.4 Financing Activities

Key Financial Information *	As at April 30		Better (Worse)
	2008	2007	
<i>(in thousands - except percentages, "pts" and ratios) (Unaudited)</i>			
Funded Debt, net of cash and cash equivalents	\$ 885,601	\$ 106,533	\$ (779,068)
EBITDA	\$ 159,793	\$ 50,175	\$ 109,618
Ratios			
Current Ratio	1.25 x	1.56 x	(0.31 pt)
Total Debt to Equity	36.1%	23.6%	(12.5 pt)
Long Term Debt to Equity	12.5%	16.9%	4.4 pt

* See Non-GAAP terms in Section 10

The Company's total funded debt, net of cash and short-term investments, of \$885.6 million at April 30, 2008, increased by \$779.1 million from the same quarter of the prior year due to increases in short-term and long-term debt and a \$50.4 million reduction in consolidated cash and cash equivalent balances at the end of April, 2008. Cash distributions from the Company's principal subsidiaries (those in which the Company has at least a 50% interest) occur at regular intervals and Viterra maintains an active role in all decisions affecting cash distributions from these subsidiaries.

Long-term debt, including the current portion, was \$303.9 million at April 30, 2008, up \$197.9 million from the \$106.0 million reported at the same time last year. The increase is attributable to the issuance of \$200 million of Senior Unsecured Notes in August 2007.

Short-term borrowings increased \$530.8 million to \$573.2 million at April 30, 2008, compared to \$42.4 million reported in the prior year. The majority of the additional short-term borrowings relate to the remaining balance of the non-revolving Bridge Facility of \$232.0 million, additional bank debt outstanding of \$298.3 million under the revolving credit facility, and \$23.2 million in additional short-term borrowings associated with the Company's proportionate share of subsidiaries and joint ventures.

On May 15, 2008, the Company successfully completed a \$400 million, five-year term credit facility. Upon closing, Viterra drew \$300 million from the facility and approximately \$232.0 million of this amount was used to fully repay the remaining outstanding amounts on its Bridge Facility. The remaining \$100 million of available funds can be drawn by the Company during the next six months and will be used for general corporate purposes, including the funding of potential future acquisitions. Based upon Viterra's current credit ratings, the rate of interest on the facility is at approximately 6.3% on Canadian dollar borrowings and approximately 6.5% on U.S. dollar borrowings, with minimum mandatory repayments of 4% per annum.

Cash and short-term investments at April 30, 2008 were \$33.9 million, a decrease of \$18.8 million from the same time in 2007. Excluding its proportionate share of joint ventures, Viterra held \$19.0 million of short-term investments at April 30, 2008, compared to \$40.0 million at the end of April 2007.

Management believes that cash flow from operations and its access to credit facilities will provide Viterra with sufficient financial resources to fund its working capital requirements, planned capital expenditure programs, integration and restructuring costs, and its debt servicing requirements. This belief is predicated upon the Company's expectations of future commodity and crop input prices, and the expected turnover of inventory and accounts receivable components of working capital. (See "Forward Looking Information" on page 33 of this report).

6.5 Debt Ratings

	Corporate Rating	Senior Unsecured Notes	Bank Bridge Facility	Bank Debt	Trend
Standard & Poor's	BB	BB	n/a	BBB-	Positive
Dominion Bond Rating Service Limited	n/a	BB (High)	BB (High)	n/a	Under Review (Positive Implications)

The above table summarizes the Company's current credit ratings. On April 22, 2008, following the Company's announcement that it had entered into a commitment to sell 28.6 million common shares, DBRS placed the ratings of Viterra Under Review with Positive Implications.

Standard & Poor's affirmed their ratings on Viterra on May 15, 2008.

6.6 Contractual Obligations

Contractual Obligations (in thousands) <i>Unaudited</i>	Principal Payments Due by Period				
	Total	Less than 1 Year	1 to 3 Years	4 to 5 Years	After 5 Years
Balance Sheet Obligations					
Short-term debt	\$ 573,209	\$ 573,209	\$ -	\$ -	\$ -
Long-term debt	310,370	3,068	4,562	102,323	200,417
Other long-term obligations	50,488	16,163	13,581	7,499	13,245
	934,067	592,440	18,143	109,822	213,662
Other Contractual Obligations					
Operating leases	49,073	17,505	16,869	9,338	5,361
Purchase obligations ¹	1,043,864	957,964	85,900	-	-
	1,092,937	975,469	102,769	9,338	5,361
Total Contractual Obligations	\$ 2,027,004	\$ 1,567,909	\$ 120,912	\$ 119,160	\$ 219,023

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

6.7 Off-Balance Sheet Arrangements

6.7.1 Pension Plans

The Company, excluding its subsidiaries and affiliates, contributes to several defined contribution plans, including four multi-employer plans. The Company's total contribution expense, including the subsidiaries' and proportionate share of joint ventures' defined contribution plans for the respective three and six month periods ended April 30, 2008 was \$2.1 million and \$4.1 million (2007 - \$1.2 million and \$2.1 million). Note 7(b) of the Consolidated Financial Statements for April 30, 2008 provides additional information regarding the Company's pension plan obligations.

6.7.2 Viterra Financial and Unifeed Financial

Viterra Financial provides unsecured working capital financing, through a Canadian Schedule I chartered bank, for producers to purchase the Company's fertilizer, crop protection products, seed and equipment. Outstanding credit was \$166.5 million at April 30, 2008 of which about 88% relates to Viterra Financial's highest credit rating categories. The Company indemnifies the bank for 50% of future losses under Viterra Financial to a maximum limit of 5% of the aggregate qualified portfolio balance. The Company's aggregate indemnity will vary at any given time with the size of the underlying portfolio. As at April 30, 2008, the Company's obligation for past and future losses is current with the bank in accordance with the Agency Agreement.

Unifeed Financial provides secured working capital financing through a Canadian Schedule I chartered bank for livestock producers to purchase feeder cattle, feeder hogs and related feed inputs under terms that do not require payment until the livestock are sold. The customer base for Unifeed Financial tends to be smaller with individually larger average credit balances than Viterra Financial. Unifeed Financial approved \$95.9 million (October 31, 2007 – \$97.1 million) in credit applications of which customers had drawn \$40.1 million at April 30, 2008 (October 31, 2007 - \$35.5 million). The Company has indemnified the bank for aggregate credit losses of up to \$8.8 million based on the first 20% to 33% of new credit issued on an individual account as well as for credit losses, shared on an equal basis, of up to 5% of the aggregate qualified portfolio balance. The Company's aggregate indemnity will vary at any given time with the credit rating of underlying accounts and the aggregate credit outstanding. As at April 30, 2008, the Company's obligation for past and future losses is current with the bank in accordance with the Agency Agreement.

6.8 Outstanding Share Data

On May 9, 2008, the Company completed an offering for 28,600,000 common shares at a price of \$14.00 per share. Subsequently, on May 14, 2008, the Company also completed the closing of the over-allotment option exercised by the underwriters in connection with the offering, with an additional 4,290,000 common shares issued for \$14.00 per share. Total shares issued and outstanding after the closing of these transactions were 237,049,188. Viterra received gross proceeds of \$460.5 million from the offering and subsequent over-allotment (net proceeds of \$441.4 million after underwriting fees and estimated expenses of \$650,000). The proceeds of the offering will be used for general corporate purposes and to fund future acquisitions.

The market capitalization of the Company's 237 million issued and outstanding shares at June 10, 2008 was \$3.2 billion or \$13.51 per share. The issued and outstanding shares at June 10, 2008, together with securities convertible into common shares are summarized in the following table:

<i>As at June 10, 2008</i>	
<i>(Unaudited)</i>	
Issued and outstanding Common Shares	237,049,188
Securities convertible into Common Shares:	
Stock Options	77,364
	237,126,552

7. OTHER MATTERS

7.1 Accounting Policy Changes

7.1.1 Financial Instruments

As described in Note 11 of the Consolidated Financial Statements, effective November 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants (“CICA”) Handbook Sections: Section 3855, “Financial Instruments – Recognition and Measurement”, Section 3865 – “Hedges”, Section 3251, “Equity”, Section 1530, “Comprehensive Income”, Section 3862, “Financial Instruments – Disclosures” and Section 3863, “Financial Instruments – Presentation”.

The new standards provide guidance on the recognition, measurement and classification of financial assets and financial liabilities. All financial instruments, including derivatives, are to be included on a company’s balance sheet and measured either at their fair values or, in circumstances when fair value may not be considered most relevant, at amortized cost or cost. The standards establish a new measure of income called comprehensive income. Comprehensive income represents the change in the net assets of an entity from non-owner sources for a period and has two components – net income and other comprehensive income. The new section provides guidance for reporting items in other comprehensive income, which will be included on the Consolidated Balance Sheets as a separate component of shareholders’ equity.

The new standards also establish the accounting requirements for hedges. The accounting for a specific hedging relationship depends on its nature. Fair value hedging applies when the change in the fair value of an existing asset or liability attributable to a particular risk is being hedged. The change in the fair value of both the hedging item and hedged item attributable to the hedged risk is recognized in net income and adjusts the carrying amount of the instruments. Cash flow hedging applies when the variability in cash flows attributable to a particular risk is hedged. The effective portion of the changes in fair value of the derivative is recorded in other comprehensive income until the hedged item affects net income. Any ineffectiveness of designated hedges is recognized immediately in income.

Additional information regarding these changes can be found in Note 11(a) of the Consolidated Financial Statements.

7.1.2 Non-hedgable Grain Inventories and Related Commodity Contracts

The Company has historically classified its grain inventories and related derivative contracts into two categories. Hedgable grain inventories are those for which the market risk associated with inventory positions is managed through exchange traded futures instruments. Non-hedgable grain inventories include inventories for which there are no exchange traded instruments but where cash traded instruments are commonly used to manage market risk. The Company manages the market risk associated with inventory and open contracts on a combined basis.

Prior to 2008, non-hedgable grain inventories and related commodity contracts were valued on a combined basis at the lower of cost and net realizable value. During the first quarter of 2008, the Company adopted the policy of valuing its non-hedgable grain inventories on the basis of market quotations less freight and handling costs. Gains and losses on related open grain purchase and sales contracts are based on estimated fair value. This new policy, in addition to providing consistency with its existing accounting policy for hedgable inventories and commodities, is consistent with the fair value measurement requirements adopted on November 1, 2007 for financial instruments and other derivative contracts of the Company. The impact of this change in accounting policy has been recorded retrospectively with restatement of the prior period.

Additional information regarding these changes can be found in Note 11(b) of the Consolidated Financial Statements.

7.1.3 Other

The Company also adopted the CICA Handbook Sections 1506 – “Accounting Changes” and 1535 – “Capital Disclosures” effective November 1, 2007. These sections resulted in additional financial statement note disclosure.

7.2 Critical Accounting Estimates

At April 30, 2008, the Company had consolidated loss carry-forwards of \$183.2 million available to reduce taxes otherwise payable in future years, expiring between October 2009 and 2013. The Company expects to use these losses prior to their expiry date, and accordingly, a future tax asset of \$56.6 million has been recorded in respect of the Company’s unutilized losses.

Management regularly assesses the Company’s ability to realize net future income tax assets based on all relevant information available and has concluded that it is more likely than not that these loss carry-forwards can be fully utilized prior to expiry. In making its assessment, management considered, among other things, historical and projected future earnings (see “Forward-Looking Information” on page 33 of this Report). If the Company’s future earnings do not materialize to the extent required to permit the full realization of these loss carry-forwards, the Company would record an appropriate valuation allowance in the period when such a determination is made.

This would result in a decrease to reported earnings and an increase to the Company's effective tax rate in that period.

8. RESTRUCTURING AND INTEGRATION MATTERS

As described in detail in the Company's 2007 Annual report, on May 29, 2007, the Company acquired effective control of AU. On June 15, 2007, the Company acquired all remaining Limited Voting Common Shares under a court approved Plan of Arrangement and AU became a wholly-owned subsidiary of the Company. On November 1, 2007, Viterra's wholly-owned subsidiaries United Grain Growers Limited, carrying on business as Agricore United, and Pacific Elevators Limited were legally amalgamated with Viterra.

As noted in the table below, integration of the two companies is progressing.

<i>Restructuring & Integration Plan - Key Milestones</i>					
Objective	Target Date	Achieved	Objective	Target Date	Achieved
Appoint senior executive and management team	Q4 2007	✓	Harmonize advertising and marketing programs	Q1 2008	✓
Develop Operating Model for the Company	Q4 2007	✓	Complete plan for Agri-Products retail footprint and harmonize pricing and product line decisions	Q1 2008	✓
Refine Synergy analysis and targets	Q4 2007	✓	Complete accounting and finance system conversion	Q2 2008	✓
Complete divestiture of assets to JRI/Cargill	Q4 2007	✓	Review of pension and benefits for the combined company and recommendations thereon	Q2 2008	Partial
Complete re-financing of Bridge Facility ¹	Q4 2007	✓	Implement HR & payroll system conversion	Q2 2008	✓
Develop detailed implementation plans	Q4 2007	✓	Complete Grain system conversion	Q2 2008	✓
Re-branding and launch of new name	Q5 2007	✓	Develop and implement new human resource policies and procedures ²	Q3 2008	Partial
Complete legal amalgamation of the Company with AU	Q5 2007	✓	Finalize Grain end-state network	Q3 2008	
Complete Agri-Products system conversion	Q1 2008	✓			

¹ Bridge facility refinanced with Long-term debt in May 2008.

² The Company completed the rollout of a new Performance Management and objective setting program, supporting continued emphasis on a performance and accountability based culture.

Management expects to achieve gross synergies of \$96 million, with about \$53 million to be achieved in the Grain Handling and Marketing segment, \$14 million in the Agri-Products segment and the remaining \$29 million through reduced Corporate expenses. These synergies will be generated primarily through efficiency measures over the next 3 to 9 months, with the full benefit to be delivered in fiscal 2009. As of April 30, 2008, the Company had achieved a total of \$45.0 million in synergies. This is comprised of \$26.1 million in the Grain Handling and Marketing segment, \$8.3 million in the Agri-Products segment, and \$10.6 million in Corporate expenses.

Integration costs expensed for the current quarter were \$3.4 million (for a total of \$10.0 million in fiscal 2008 and \$30.0 million since integration began). These costs relate primarily to severance, consulting and advisory fees and other integration costs

incurred directly by the Company. Integration costs, including severance, termination fees, and debt repayment penalties incurred by or related to AU have already been accrued on the balance sheet as part of the acquisition price of the AU shares in accordance with the purchase method of accounting, with a corresponding increase in goodwill. On a pre-tax basis, estimated total net integration costs for both entities, which include share issuance costs and refinancing costs are about \$274.5 million, of which about \$270.6 million has already been incurred (\$15.2 million in the current fiscal year), including \$31.1 million of costs accrued and outstanding. These costs are financed by free cash flow.

9. NEGOTIATION OF NEW COLLECTIVE BARGAINING AGREEMENTS

In July of 2007, Viterra filed an application with the Canadian Industrial Relations Board seeking to combine all of the employees who are represented by the GSU and employed in the grain operations, maintenance, agri-products, related research and development and office staff (with the exception of those involved in the export facilities in British Columbia and Ontario), into one bargaining unit. If the Canadian Industrial Relations Board agrees with the Corporation's one unit application, it may order the employees to vote as to whether they want to be represented by the GSU or not. The end result may be that the GSU no longer represents the employees of Viterra. The GSU has filed an application and a response to Viterra's application. A number of days of hearings proceeded in March, 2008, with additional hearing days to be scheduled.

Viterra is currently engaged in collective bargaining with the GSU in relation to its Saskatchewan maintenance and operations and head office employees and its employees in the Alberta and Manitoba facilities under the AgPro name, representing a total of approximately 860 employees. A conciliator was appointed by the Canadian Industrial Relations Board to assist in bargaining.

Conciliation concluded on June 10th, ending the 60-day conciliation process. The GSU has informed the Company that it is conducting meetings at which members will vote to either accept the Company's offer or strike. The meeting dates are as follows:

- Votes were conducted in AgPro Manitoba on June 2 and 3; results were not released by the GSU.
- Votes were conducted at the Saskatchewan Office on Monday June 9th; according to the GSU, 88.5% of eligible employees participated in the vote; 83% of those voted to reject the Company's offer and authorized the GSU to call strike action.
- AgPro Alberta: Monday June 9 – Friday June 13; results from AgPro Manitoba and Alberta are expected June 13.
- Saskatchewan Maintenance and Operations unit: Monday June 9 – Thursday June 19; results are expected on June 20th.

If the Company and GSU fail to reach a mutual agreement, the earliest notification of a strike or lockout is July 2, 2008. The Operations and Maintenance bargaining unit

has 573 employees; the Saskatchewan Office bargaining unit has 194 employees; and AgPro (MB/AB) has 90 employees.

Any such labour difficulties would be disruptive to the Corporation's operations and could have an adverse impact on its financial results.

10. NON-GAAP FINANCIAL MEASURES

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

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

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

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

Free cash flow is cash flow provided by operations net of investing activities and excludes changes in non-cash working capital. For these purposes, investing activities include capital expenditures (excluding business acquisitions), net of proceeds and the net change in cash in trust, investments and other long-term assets. 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 from, 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 continuing operations, as a measure of the Company's ability to generate cash. Such measures do not have any standardized meanings prescribed by Canadian GAAP and are, therefore, unlikely to be comparable to similar measures presented by other corporations.

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

Non-GAAP Terms, Reconciliations and Calculations <i>(in thousands - except percentages and ratios)</i>			
	2008	2007	<i>Better (Worse)</i>
For the six months ended April 30			
Gross profit and net revenues from services	\$ 388,994	\$ 139,687	\$ 249,307
Operating, general and administrative expenses	(229,201)	(89,512)	(139,689)
EBITDA	\$ 159,793	\$ 50,175	\$ 109,618
Amortization	(51,021)	(14,896)	(36,125)
EBIT	\$ 108,772	\$ 35,279	\$ 73,493
Net earnings	\$ 74,780	\$ 17,118	\$ 57,662
Amortization	51,021	14,896	36,125
Non-cash financing expenses	1,733	982	751
Provision for pension settlement	-	5,000	(5,000)
Employee Future Benefits	366	454	(88)
Equity loss (earnings) of significantly influenced companies	1,750	(59)	1,809
Future income taxes (recovery)	(5,907)	7,557	(13,464)
Loss (gain) on disposal of assets	(1,910)	(144)	(1,766)
Other items	(116)	676	(792)
Cash flow prior to working capital changes	\$ 121,717	\$ 46,480	\$ 75,237
Property, plant and equipment expenditures	(19,678)	(14,049)	(5,629)
Proceeds on sale of property, plant and equipment	2,237	127	2,110
Decrease (increase) in cash in trust	2,069	4,616	(2,547)
Decrease in investments	(118)	187	(305)
Decrease (increase) in other assets	(741)	(1,025)	284
Free Cash Flow	\$ 105,486	\$ 36,336	\$ 69,150
As at April 30			
Current Assets	\$ 2,088,650	\$ 580,003	\$ 1,508,647
Current Liabilities	1,664,719	372,565	(1,292,154)
Current Ratio (Current Assets/Current Liabilities)	1.25	1.56	(0.31 pt)
Short-term borrowings	\$ 573,209	\$ 42,399	\$ (530,810)
[A] Long-term debt due within one year	3,068	1,355	(1,713)
[A] Long-term Debt	300,794	104,669	(196,125)
[B] Total Debt	\$ 877,071	\$ 148,423	\$ (728,648)
Cash and short-term investments	\$ 33,903	52,751	(18,848)
Bank indebtedness	(42,433)	(10,861)	(31,572)
[C] Cash and cash equivalents	\$ (8,530)	\$ 41,890	\$ (50,420)
Funded Debt, net of cash and cash equivalents	\$ 885,601	\$ 106,533	\$ (779,068)
[D] Total Equity	\$ 1,553,326	\$ 479,285	\$ 1,074,041
[E] Total Debt & Equity [B + D]	\$ 2,430,397	\$ 627,708	
Total Debt to Equity [B]/[E]	36.1%	23.6%	(12.5 pt)
Long Term Debt to Equity [A]/[E]	12.5%	16.9%	4.4 pt

11. FORWARD-LOOKING INFORMATION

Certain statements in this Management's Discussion and Analysis are forward-looking statements and reflect Viterra's expectations regarding future results of operations, financial condition and achievements. All statements that address activities, events or developments that Viterra or its management expects or anticipates will or may occur in the future, including such things as growth of its business and operations, competitive strengths, strategic initiatives, planned capital expenditures, plans and references to future operations and results, critical accounting estimates and expectations regarding future capital resources and liquidity of the Company and such matters, are forward-looking statements. In addition, the words "believes", "intends", "anticipates", "expects", "estimates", "plans", "likely", "will", "may", "could", "should", "would", "outlook", "forecast", "objective", "continue" (or the negative thereof) and words of similar import may indicate forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance and achievements of Viterra to be materially different from any future results, performance and achievements expressed or implied by those forward-looking statements. A number of factors could cause actual results to differ materially from expectations including, but not limited to, those factors discussed under the heading "Risk Factors" in Viterra's 2007 Annual Information Form and in the Company's 2007 Annual Report under the heading "Risks and Risk Management" in the Management's Discussion and Analysis; integration risk associated with the merger of Saskatchewan Wheat Pool and Agricore United; weather conditions; crop production and crop quality in Western Canada; world agricultural commodity prices and markets; producers' decisions regarding total seeded acreage, crop selection, and utilization levels of farm inputs such as fertilizers and pesticides; Viterra's dependence on key personnel; any labour disruptions; employee relations and status of collective bargaining agreements; the Company's financial leverage and funding requirements; continued availability of credit facilities; credit risk in respect of customers of Viterra; foreign exchange risk and counter party risks in connection with foreign exchange and commodity hedging programs; changes in the grain handling and agri-products competitive environments, including pricing pressures; Canadian grain export levels; changes in government policy and transportation deregulation; international trade matters; and global political and economic conditions, including grain subsidy actions and tariffs of the United States and the European Union; food safety; disease and other livestock industry risks; acceptance of genetically modified foods; competitive developments in connection with Viterra's grain handling, agri-products, agri-food processing, livestock and other operations; and environmental risks and unanticipated expenditures relating to environmental or other matters.

All of the forward-looking statements in this Management's Discussion and Analysis are qualified by these cautionary statements and the other cautionary statements and factors contained herein and there can be no assurance that the developments or results anticipated by Viterra and its management will be realized or, even if substantially realized, that they will have the expected consequences for, or effects on, the Company. Although Viterra believes the assumptions inherent in forward-

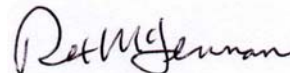
looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this document. In addition to other assumptions identified, assumptions have been made regarding, among other things, western Canadian crop production and quality for the 2007 and subsequent crop years; the volume and quality of grain held on farm by producer customers; movement and sales of Board grains by the CWB; demand for and supply of non-Board grains; the ability to maintain existing customer contracts and relationships; agricultural commodity prices; natural gas prices; general financial conditions for western Canadian agricultural producers; demand for seed grain, fertilizer, chemicals and other agri-products by Viterra's customers; market share of grain deliveries and agri-products sales that will be achieved by Viterra; ability of the railways to ship grain to port facilities for export without labour or other service disruptions; extent of customer defaults in connection with credit provided by Viterra, its subsidiaries or others in connection with agri-products purchases; demand for oat and malt barley products and market share of sales of these products that will be achieved by Viterra's subsidiaries; the cyclical nature of hog prices; 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 and undue reliance should not be placed on Viterra's forward-looking information. Viterra disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise, except as otherwise required by applicable law. Forward-looking statements regarding financial information or outlook represent Viterra's views only as of the respective dates of such statements. Forward-looking information of this sort has been presented solely for the purpose of assisting the Corporation's securityholders in understanding management's current views regarding those future outcomes, and may not be appropriate for other purposes.

12. ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis relating to the second quarter ended April 30, 2008, should be read in conjunction with Viterra's Management's Discussion and Analysis for its year ended October 31, 2007, which is included at pages 27 to 73 of Viterra's 2007 Annual Report. Additional information relating to Viterra, including the most recent Annual Information Form filed by the Company, is available on SEDAR at www.sedar.com and Viterra's website, www.viterra.ca.



Mayo Schmidt
President and Chief Executive Officer
June 11, 2008



Rex McLennan
Chief Financial Officer

Viterra Inc.
2625 Victoria Avenue
Regina, Saskatchewan S4T 7T9
<http://www.viterra.ca>



CONSOLIDATED BALANCE SHEETS

(in thousands)

AS AT	April 30, 2008 (unaudited)	April 30, 2007 (unaudited)	October 31, 2007 (audited) (restated - Note 11b)
ASSETS			
Current Assets			
Cash	\$ 10,113	\$ 4,134	\$ 24,600
Cash in trust	14,641	278	16,710
Short-term investments	23,790	48,617	44,051
Accounts receivable	680,920	165,428	458,914
Inventories	1,162,790	293,919	785,695
Prepaid expenses and deposits	155,567	66,611	51,685
Future income taxes	40,829	1,016	70,116
	2,088,650	580,003	1,451,771
Investments	17,766	4,815	19,198
Property, Plant and Equipment	1,180,862	257,384	1,192,620
Other Long-Term Assets	52,022	44,114	61,233
Intangible Assets	19,042	-	20,275
Goodwill (Note 4)	299,592	-	296,743
Future Income Taxes	-	102,551	255
	\$ 3,657,934	\$ 988,867	\$ 3,042,095
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Bank indebtedness	\$ 42,433	\$ 10,861	\$ 4,501
Short-term borrowings	573,209	42,399	352,527
Accounts payable and accrued liabilities	1,046,009	317,950	723,945
Long-term debt due within one year	3,068	1,355	3,736
	1,664,719	372,565	1,084,709
Long-Term Debt	300,794	104,669	307,413
Other Long-Term Liabilities	57,533	30,723	60,255
Future Income Taxes	81,562	1,625	115,097
	2,104,608	509,582	1,567,474
Shareholders' Equity			
Share capital (Note 6)	1,422,876	502,760	1,422,843
Contributed surplus	433	319	323
Retained earnings (deficit)	125,307	(23,794)	50,426
Accumulated other comprehensive income	4,710	-	1,029
	1,553,326	479,285	1,474,621
	\$ 3,657,934	\$ 988,867	\$ 3,042,095

Commitments, contingencies and guarantees (Note 10)



CONSOLIDATED STATEMENTS OF EARNINGS
(In thousands)

FOR THE PERIOD ENDED	Three Months Ended April 30, 2008	Three Months Ended April 30, 2007	Six Months Ended April 30, 2008	Six Months Ended April 30, 2007
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales and other operating revenues	\$ 1,525,377	\$ 401,460	\$ 2,842,519	\$ 849,083
Cost of sales	(1,321,611)	(333,136)	(2,453,525)	(709,396)
Gross profit and net revenues from services	203,766	68,324	388,994	139,687
Operating, general and administrative expenses	(125,243)	(44,518)	(229,201)	(89,512)
	78,523	23,806	159,793	50,175
Amortization	(25,499)	(7,183)	(51,021)	(14,896)
	53,024	16,623	108,772	35,279
Gain (loss) on disposal of assets	(199)	118	1,910	144
Integration expenses	(3,420)	(118)	(10,039)	(718)
Provision for pension settlement	-	-	-	(5,000)
Financing expenses (Note 8)	(9,801)	(2,561)	(23,144)	(5,030)
	39,604	14,062	77,499	24,675
Recovery of (provision for) corporate taxes				
Current	(2,886)	(239)	(8,626)	-
Future (Note 14)	(3,155)	(4,640)	5,907	(7,557)
Net earnings	33,563	9,183	74,780	17,118
Basic and diluted earnings per share (Note 5)	\$ 0.16	\$ 0.10	\$ 0.37	\$ 0.19



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands)

FOR THE PERIOD ENDED	Three Months Ended April 30, 2008 (unaudited)	Six Months Ended April 30, 2008 (unaudited)
Net earnings	\$ 33,563	\$ 74,780
Other comprehensive loss		
Realized gain on dedesignated hedged contracts included in net earnings, net of tax of \$(898)	(1,096)	(1,908)
Unrealized loss on available for sale assets, net of tax of \$(12)	(30)	(62)
Unrealized effect of foreign currency translation of foreign operations	(69)	(508)
Other comprehensive loss	(1,195)	(2,478)
Comprehensive income	\$ 32,368	\$ 72,302

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands)

(unaudited)	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Retained Earnings (Deficit)	Total Shareholders' Equity
As at July 31, 2006	\$ 502,760	\$ 308	\$ -	\$ (41,638)	\$ 461,430
Stock-based compensation		11			11
Future income taxes adjustment				5,860	5,860
Net earnings for the period				11,984	11,984
As at April 30, 2007	\$ 502,760	\$ 319	\$ -	\$ (23,794)	\$ 479,285
Share capital issued	920,083				920,083
Stock-based compensation		4			4
Unrealized effect of foreign currency translation of foreign operations			1,029		1,029
Future income taxes share issuance costs				12,108	12,108
Share issuance costs				(37,265)	(37,265)
Net earnings for the period as restated (Note 11b)				99,377	99,377
As at October 31, 2007 as restated	\$ 1,422,843	\$ 323	\$ 1,029	\$ 50,426	\$ 1,474,621
Share capital issued	33				33
Stock-based compensation		110			110
Accounting policy change (Note 11)					
Unrealized gain on dedesignated hedged contracts, net of tax of \$2,798			5,946		5,946
Unrealized gain on available for sale assets, net of tax of \$41			213		213
Livestock receivables, net of tax of \$(36)				(76)	(76)
Debt acquisition costs using effective interest method, net of tax of \$60				126	126
Other comprehensive loss					
Realized gain on dedesignated hedged contracts, net of tax of \$(898)			(1,908)		(1,908)
Unrealized loss on available for sale assets, net of tax \$(12)			(62)		(62)
Unrealized effect of foreign currency translation of foreign operations			(508)		(508)
Future income taxes adjustment				51	51
Net earnings for the period				74,780	74,780
As at April 30, 2008	\$ 1,422,876	\$ 433	\$ 4,710	\$ 125,307	\$ 1,553,326



CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

FOR THE PERIOD ENDED	Three Months Ended April 30, 2008	Three Months Ended April 30, 2007	Six Months Ended April 30, 2008	Six Months Ended April 30, 2007
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Cash From (Used in) Operating Activities				
Net earnings	\$ 33,563	\$ 9,183	\$ 74,780	\$ 17,118
Adjustments for items not involving cash				
Amortization	25,499	7,183	51,021	14,896
Future income tax provision	3,155	4,640	(5,907)	7,557
Equity loss (earnings) of significantly influenced companies	308	(30)	1,750	(59)
Provision for pension settlement	-	-	-	5,000
Employee future benefits (Note 7)	208	230	366	454
Non-cash financing expenses (Note 8)	755	491	1,733	982
Loss (gain) on disposal of assets	199	(118)	(1,910)	(144)
Other items	45	384	(116)	676
Adjustments for items not involving cash	30,169	12,780	46,937	29,362
	63,732	21,963	121,717	46,480
Changes in non-cash working capital items				
Accounts receivable	31,018	(13,521)	(196,824)	(9,939)
Inventories	(233,309)	(79,129)	(368,812)	(111,349)
Accounts payable and accrued liabilities	239,601	83,685	309,746	105,547
Prepaid expenses and deposits	(68,318)	(25,983)	(103,853)	(55,411)
Changes in non-cash working capital	(31,008)	(34,948)	(359,743)	(71,152)
Cash from (used in) operating activities	32,724	(12,985)	(238,026)	(24,672)
Cash From (Used in) Financing Activities				
Repayment of long-term debt	(289)	(979)	(778)	(3,867)
Proceeds from (repayment of) short-term borrowings	(58,142)	(31,897)	217,346	24,105
Repayment of other long-term liabilities, net	(249)	(135)	(2,206)	(247)
Increase in share capital (Note 6)	2	-	19	-
Debt refinancing cost	(53)	-	(1,671)	-
Cash from (used in) financing activities	(58,731)	(33,011)	212,710	19,991
Cash From (Used in) Investing Activities				
Property, plant and equipment expenditures	(13,066)	(5,659)	(19,678)	(14,049)
Proceeds on sale of property, plant and equipment	14	11	2,237	127
Business acquisitions (Note 4)	(31,108)	(13,710)	(31,108)	(15,844)
Decrease in cash in trust	25,475	30,552	2,069	4,616
Decrease (increase) in investments	(130)	-	(118)	187
Decrease (increase) in other long-term assets	93	(123)	(741)	(1,025)
Cash from (used in) investing activities	(18,722)	11,071	(47,339)	(25,988)
Decrease in Cash and Cash Equivalents	(44,729)	(34,925)	(72,655)	(30,669)
Cash and Cash Equivalents, Beginning of Period	36,155	76,815	64,150	72,559
Impact on cash of unrealized effect of foreign currency translation of foreign operations	44	-	(25)	-
Cash and Cash Equivalents, End of Period	\$ (8,530)	\$ 41,890	\$ (8,530)	\$ 41,890
Cash and cash equivalents consist of:				
Cash	\$ 10,113	\$ 4,134	\$ 10,113	\$ 4,134
Short-term investments	23,790	48,617	23,790	48,617
Bank indebtedness	(42,433)	(10,861)	(42,433)	(10,861)
	\$ (8,530)	\$ 41,890	\$ (8,530)	\$ 41,890
Supplemental disclosure of cash paid during the period from continuing operations:				
Interest paid	\$ 23,829	\$ 5,493	\$ 31,970	\$ 6,828
Income taxes paid (received)	\$ 2,845	\$ (518)	\$ 7,159	\$ (120)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2008 (unaudited) - in thousands of Canadian dollars, except as noted

1. NATURE OF BUSINESS

Viterra Inc., (the “Company”) is a publicly traded, vertically integrated Canadian agri-business. Business operations include five reporting segments: Grain Handling and Marketing, Agri-products, Agri-food Processing, Livestock Feed and Services and Financial Products.

On May 29, 2007, the Company acquired effective control of Agricore United (“AU”) a Canadian agri-business. The results of operations of AU are included in the Company’s Consolidated Financial Statements commencing May 29, 2007.

On July 30, 2007, the Company announced a change in year-end from July 31 to October 31, commencing with the 2007 fiscal year. Accordingly, the Company will have a 12-month fiscal year ending October 31, 2008 and a 15-month fiscal year ending October 31, 2007.

The Grain Handling and Marketing segment includes approximately 100 high throughput terminals and 13 specialty crop cleaning and handling facilities strategically located in the prime agricultural growing regions of Western Canada, and two specialty crop cleaning and handling facilities in the United States of America (“U.S.”). This segment also includes five wholly owned port terminal facilities located in Vancouver, British Columbia and Thunder Bay, Ontario, and an ownership interest in an export facility in Prince Rupert, British Columbia. Activity in this segment consists of the collection of grain through the Company’s primary elevator system, shipping to inland or port terminals, cleaning of grain to meet regulatory specifications, and sales to domestic or export markets. Earnings in the Grain Handling and Marketing segment are volume driven and are derived primarily from tariffs charged to producers for elevation and cleaning of Canadian Wheat Board (“CWB”) grains and from the sales of non-Board grains. Revenue is also derived through grain handling, blending, drying, storage and other ancillary services, as well as the sale of by-products.

The Agri-products segment includes an ownership interest in a fertilizer manufacturer, ownership of a fertilizer distributor and a retail network of approximately 275 locations throughout Western Canada. Agri-products sales lines include fertilizer, crop protection products, seed and seed treatments, and equipment.

The Agri-food Processing segment includes the manufacture and marketing of value-added products associated with oats and malt barley for domestic and export markets.

The Livestock Feed and Services segment formulates and manufactures feed products at six feed mills and three pre-mix facilities across Western Canada and at six feed mill locations in Texas, New Mexico and Oklahoma in the U.S.

The Financial Products segment acts as an agent for a Canadian Schedule I chartered bank and provides unsecured trade credit to agricultural customers and secured loans to livestock producers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2008 (unaudited) - in thousands of Canadian dollars, except as noted

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

The Company's earnings follow the seasonal pattern of prairie grain production. Activity peaks in the spring as new crops are sown and in the fall as mature crops are harvested. The volume of grain shipments are relatively stable through the quarters, but can be influenced by destination customer demand, the CWB export program, and producers' marketing decisions. Sales of the Company's Agri-products peak in May through July, corresponding with the growing season, supplemented by additional crop nutrient sales in the late fall. Although relatively steady throughout the year, sales in the Livestock Feed and Services segment tend to peak during the winter months as feed consumption increases. In the agri-food processing business, earnings are more fluid with continuous demand for products throughout each quarter. Financial Products agency fees follow the related pattern of sales of the underlying activity in the Agri-products and Livestock Feed and Services segments.

2. ACCOUNTING POLICIES

These interim unaudited consolidated financial statements are based on accounting principles consistent with those used and described in the October 31, 2007 annual Consolidated Financial Statements, except as described in Note 11. The Company's accounting policies are in accordance with Canadian generally accepted accounting principles ("GAAP"). All amounts are reported in Canadian dollars unless specifically stated to the contrary. However, these financial statements do not include all of the information and disclosures required for annual financial statement presentation. The interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the 15-month fiscal year ended October 31, 2007.

3. CHANGE IN ACCOUNTING ESTIMATE

In 2008, the Company changed its estimate of the useful life of certain property, plant and equipment. The revised estimates better reflect the expected useful lives of these assets. The change in the estimated useful life was applied prospectively and had the effect of decreasing amortization expense by \$1.4 million and \$2.8 million in the respective three and six month periods ended April 30, 2008.

4. BUSINESS ACQUISITIONS

	<u>Total</u>
Current assets	\$ 23,249
Property, plant and equipment	15,160
Goodwill	2,849
Current liabilities	(10,150)
<hr/>	
Total cash consideration	<hr/> \$ 31,108

On March 3, 2008, Unifeed Hi-Pro Inc., a wholly owned subsidiary of the Company doing business as Hi-Pro Feeds, purchased certain assets of Sunrise Feed, LLC in Cheyenne and Elk City, Oklahoma. The acquisition includes a feed mill with 100,000 tonnes/year capacity

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2008 (unaudited) - in thousands of Canadian dollars, except as noted

and a retail outlet in both Cheyenne and Elk City. Sunrise Feed manufactures and sells beef, horse and other animal feed and pasture supplements into the rancher market.

On April 7, 2008, the Livestock Feed and Services division operating as Unifeed, concluded its purchase of V-S Feed and Agri-Supplies Ltd. ("V-S Feed") in Ponoka, Alberta. The acquisition includes a feed pre-mix mill with 8,000 tonnes/year capacity and a retail outlet that sells farm supply and feed products.

On April 28, 2008, Unifeed Hi-Pro Inc. purchased certain assets of Gore Bros., Inc. and Gore's Trucking, Inc. for total consideration of approximately U.S. \$24.2 million. The acquisition will add an additional two feed mills in Clovis, New Mexico and Comanche, Texas.

These acquisitions have been funded through current operating cash flows during the quarter. As the acquisitions have recently been completed, the preliminary purchase price allocation between the assets and liabilities acquired, including goodwill, will be finalized in a subsequent period.

Earnings derived from the associated assets purchased have been included in the Company's consolidated financial statements commencing from the respective acquisition dates.

5. EARNINGS PER SHARE

	Three Months Ended April 30		Six Months Ended April 30	
	2008	2007	2008	2007
Net earnings	\$ 33,563	\$ 9,183	\$ 74,780	\$ 17,118
Denominator for basic earnings per share amounts:				
Weighted average number of shares outstanding	204,159	90,251	204,159	90,251
Basic earnings per share	\$ 0.16	\$ 0.10	\$ 0.37	\$ 0.19
Denominator for diluted earnings per share amounts:				
Weighted average number of shares outstanding	204,164	90,253	204,163	90,253
Diluted earnings per share	\$ 0.16	\$ 0.10	\$ 0.37	\$ 0.19

6. SHARE CAPITAL

a) Common Voting Shares

Authorized

Unlimited Common Voting Shares

The following table summarizes the Common Voting Shares:

	<u>Common Voting Shares</u>	
	Number ¹	Amount
Balance, July 31, 2006 and April 30, 2007	90,250,764	\$ 502,760
Share issuance for cash	113,905,586	920,083
Balance, October 31, 2007	204,156,350	1,422,843
Share issuance for cash	2,813	19
Adjustment to share capital from contributed surplus for options exercised	-	14
Balance, April 30, 2008	204,159,163	\$1,422,876

¹ Number of shares are not shown in thousands

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2008 (unaudited) - in thousands of Canadian dollars, except as noted

Issuance

The fiscal 2007 acquisition of the Limited Voting Common Shares of AU (Note 1) was substantially funded by net proceeds from four subscription receipt offerings, comprised of three public market bought deals and a private placement.

The 113,905,586 subscription receipts were exchanged into an equivalent number of common shares of the Company upon the take-up by the Company of the AU Limited Voting and Common Shares on May 29, 2007. In accordance with the capital nature of these transactions, underwriter fees and other costs of \$25.2 million, net of taxes, were reflected as a fiscal 2007 charge to retained earnings in shareholders' equity.

b) Management Stock Option Plan

During fiscal 2008 the Management Stock Option Plan (the "Stock Option Plan") was reactivated after being inactive since fiscal 2004. At the shareholder meeting held on March 12, 2008 certain amendments were made to the Stock Option Plan. Under the amendments, the maximum number of Common Shares that may be issued under Options issued pursuant to the Stock Option Plan will increase from approximately 3.7 million Common Shares to approximately 10.2 million Common Shares. Once the 0.7 million Common Shares that can potentially be issued under currently granted and contingently granted Options are deducted, approximately 9.5 million Common Shares would be reserved for subsequent Option Grants. Options previously granted under the Stock Option Plan were approved by the Board of Directors.

Options granted prior to October 31, 2007 are fully vested, the last of which expires before August 14, 2013. Options granted subsequent to October 31, 2007 contingently vest after July 31, 2010 and expire on July 31, 2015.

The expense related to stock options is based on the fair value of options vested in the period, and is determined by the Black-Scholes option pricing model with the following assumptions: risk-free rate 3.75%, dividend yield 0%, a volatility factor of the expected market price of the Company's shares of 37%, and a weighted average expected option life of 5.5 years.

	Number of Options ¹	Weighted Average Exercise Price	Number of Options Exercisable ¹	Weighted Average Exercise Price
Outstanding July 31, 2006	88,424	\$ 84.45	81,353	\$ 90.42
Cancelled	(6,790)	\$ 136.10		
Outstanding, April 30, 2007	81,634	\$ 80.15	78,979	\$ 67.09
Cancelled	(1,307)	\$ 243.35		
Outstanding October 31, 2007	80,327	\$ 77.50	80,327	\$ 77.50
Options granted	253,758	\$ 12.12		
Cancelled	(150)	\$ 10.09		
Exercised	(2,813)	\$ 7.08		
Outstanding April 30, 2008	331,122	\$ 28.02	77,364	\$ 64.31

¹Number of options are not shown in thousands

Of the 331,122 options outstanding, 77,364 are exercisable stock options at April 30, 2008, 10.35% have an exercise price of \$6.50 or less; the remainder have an exercise price at, or greater than, \$31.00. At April 30, 2008, the Company's shares closed at \$13.77.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2008 (unaudited) - in thousands of Canadian dollars, except as noted

7. EMPLOYEE FUTURE BENEFITS

a) Defined Benefit Plans and Future Benefits

The Company's net benefit costs related to defined benefit pension plans and other future benefits for the respective three and six month periods ended April 30, 2008 were \$0.2 million and \$0.4 million (2007 - \$0.3 million and \$0.5 million).

b) Defined Contribution Plans

The Company, including subsidiaries and affiliates, contributes to several defined contribution plans. The Company's defined contribution plan expense for the respective three and six month periods ended April 30, 2008 was \$2.1 million and \$4.1 million (2007 - \$1.2 million and \$2.1 million).

8. FINANCING EXPENSES

	Three Months Ended April 30		Six Months Ended April 30	
	2008	2007	2008	2007
Interest on:				
Long-term debt	\$ 6,448	\$ 1,961	\$ 13,096	\$ 4,122
Short-term debt	4,833	869	12,147	1,273
CWB carrying charge recovery	(2,235)	(760)	(3,832)	(1,347)
	9,046	2,070	21,411	4,048
Interest accretion	(13)	-	213	-
Amortization of deferred financing costs	768	491	1,520	982
	\$ 9,801	\$ 2,561	\$ 23,144	\$ 5,030

Interest on short-term debt for the three and six month periods ended April 30, 2008 is net of approximately \$6.3 million of interest revenue recorded as a result of the successful appeal of a Canada Revenue Agency ("CRA") reassessment of the Company's 1997 taxation year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2008 (unaudited) - in thousands of Canadian dollars, except as noted

9. SEGMENTED INFORMATION

	Three Months Ended April 30		Six Months Ended April 30	
	2008	2007	2008	2007
Sales and Other Operating Revenues				
Grain Handling and Marketing	\$1,144,454	\$ 274,608	\$2,133,186	\$ 608,241
Agri-products	202,471	93,443	368,417	173,443
Agri-food Processing	52,035	37,474	95,210	73,448
Livestock Feed and Services	133,064	-	260,410	-
Financial Products	2,029	-	4,060	-
	1,534,053	405,525	2,861,283	855,132
Less Inter-segment Sales:				
Grain Handling and Marketing	8,322	4,065	18,410	6,049
Agri-products	354	-	354	-
	\$1,525,377	\$ 401,460	\$2,842,519	\$ 849,083
Gross Profit and Net Revenues from Services				
Grain Handling and Marketing	\$ 122,050	\$ 40,506	\$ 237,744	\$ 93,023
Agri-products	45,279	21,922	92,380	34,274
Agri-food Processing	15,110	5,896	17,427	12,390
Livestock Feed and Services	19,382	-	37,383	-
Financial Products	1,945	-	4,060	-
	\$ 203,766	\$ 68,324	\$ 388,994	\$ 139,687
Operating, General and Administrative Expenses				
Grain Handling and Marketing	\$ (44,495)	\$ (24,207)	\$ (87,134)	\$ (48,038)
Agri-products	(33,025)	(11,289)	(61,940)	(21,461)
Agri-food Processing	(2,327)	(1,643)	(3,913)	(3,469)
Livestock Feed and Services	(22,437)	-	(35,132)	-
Financial Products	(1,142)	-	(2,137)	-
Corporate	(21,817)	(7,379)	(38,945)	(16,544)
	\$ (125,243)	\$ (44,518)	\$ (229,201)	\$ (89,512)
EBITDA⁽¹⁾				
Grain Handling and Marketing	\$ 77,555	\$ 16,299	\$ 150,610	\$ 44,985
Agri-products	12,254	10,633	30,440	12,813
Agri-food Processing	12,783	4,253	13,514	8,921
Livestock Feed and Services	(3,055)	-	2,251	-
Financial Products	803	-	1,923	-
Corporate	(21,817)	(7,379)	(38,945)	(16,544)
	\$ 78,523	\$ 23,806	\$ 159,793	\$ 50,175
Amortization				
Grain Handling and Marketing	\$ (10,260)	\$ (3,071)	\$ (20,603)	\$ (6,445)
Agri-products	(11,258)	(2,659)	(22,566)	(5,548)
Agri-food Processing	(1,444)	(1,453)	(2,889)	(2,903)
Livestock Feed and Services	(2,377)	-	(4,698)	-
Financial Products	(105)	-	(210)	-
Corporate	(55)	-	(55)	-
	\$ (25,499)	\$ (7,183)	\$ (51,021)	\$ (14,896)

(1) EBITDA - Earnings before interest, taxes, depreciation and amortization, gain on disposal of assets, integration expenses and provision for pension settlement

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	Three Months Ended		Six Months Ended	
	April 30		April 30	
	2008	2007	2008	2007
EBIT ⁽²⁾				
Grain Handling and Marketing	\$ 67,295	\$ 13,228	\$ 130,007	\$ 38,540
Agri-products	996	7,974	7,874	7,265
Agri-food Processing	11,339	2,800	10,625	6,018
Livestock Feed and Services	(5,432)	-	(2,447)	-
Financial Products	698	-	1,713	-
Corporate	(21,872)	(7,379)	(39,000)	(16,544)
	\$ 53,024	\$ 16,623	\$ 108,772	\$ 35,279

⁽²⁾ EBIT – earnings before interest, taxes, gain on disposal of assets, integration expenses and provision for pension settlement

10. COMMITMENTS, CONTINGENCIES AND GUARANTEES

a) Letters of Credit

At April 30, 2008, the Company had outstanding letters of credit and similar instruments of \$65.2 million related to operating an agri-business (April 30, 2007 - \$29.1 million; October 31, 2007 - \$81.8 million). The terms range in duration and expire at various dates from June, 2008 to March, 2009. The amounts vary depending on underlying business activity or the specific agreements in place with the third parties. These instruments effectively reduce the amount of cash that can be drawn on the revolving credit facility.

b) Loan Loss Provision

Under the terms of an agreement, a financial institution provided credit for the purchase of crop inputs to certain customers of the Company in the Agri-products segment. The agreement was terminated on January 31, 2008 on payment of a termination fee and the acquired amounts were sold to a Canadian Schedule I chartered bank in February 2008.

c) Indemnification of Accounts Receivable

Viterra FinancialTM - the Company has a rolling five-year agreement with a Canadian Schedule I chartered bank to provide credit for qualifying agricultural producers to purchase crop inputs. The agreement may be terminated at an earlier date by mutual consent or by either party upon one year's written notice. Viterra indemnifies the bank for 50% of future losses to a maximum of 5% of the aggregate qualified portfolio balance. The Company's aggregate indemnity will vary at any given time with the size of the underlying portfolio. As at April 30, 2008, the Company's obligation for past and future losses is current with the bank in accordance with the Agency Agreement.

Unifeed Financial[®] - the Company has a rolling five-year agreement with a Canadian Schedule I chartered bank to provide loans to customers to purchase feeder cattle and feeder hogs, as well as related feed inputs, with terms that do not require payment until the livestock is sold. The agreement may be terminated at an earlier date by mutual consent or by either party upon one year's written notice. Viterra indemnifies the bank for credit losses based on the first 20% to 33% of new credit issued on an individual account, dependent on the account's underlying credit rating, with losses in excess of these amounts shared on an equal basis with the bank up to 5% on the aggregate qualified portfolio balance. The Company's aggregate indemnity will vary at any given time with the credit rating of the underlying accounts and the aggregate credit outstanding. As at

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April 30, 2008, the Company's past and future losses is current with the bank in accordance with the Agency Agreement.

d) Loan Guarantees

The Company is contingently liable under several guarantees given to third-party lenders who have provided long-term financing to certain independent hog producers. As at April 30, 2008, the current outstanding balance of these guarantees was \$2.9 million. These guarantees diminish as the underlying loans are repaid and expire between 2009 and 2014.

The Company is contingently liable under two guarantees given to two third-party lenders who have provided certain financing facilities to its wholly owned foreign subsidiaries. As at April 30, 2008, the maximum amounts of the guarantees are U.S. \$150,000 and JPY 2 billion, or approximately \$19.5 million in aggregate.

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

e) Pension Plan Contingency

The Company, including subsidiaries and affiliates, contributes to several defined contribution plans. One of the plans that the Company contributes to is the Saskatchewan Wheat Pool/Grain Services Union Pension Plan (the "Plan").

The Plan was originally established to provide defined benefits on the basis of contributions negotiated between the Company and the Grain Services Union ("GSU"). Since the cost was intended to be limited to the negotiated rates of contribution, the Company accounted for this Plan as a defined contribution plan. The Plan is administered by a Board of Trustees (the "Trustees"), three of whom are appointed by Viterra and three by the GSU.

The ability of the Company to limit its financial obligation to the negotiated level of contributions was the subject of recent legal proceedings which have been settled pursuant to an agreement dated November 23, 2007 and ratified by the GSU membership in January 2008. Under the settlement agreement all active employees in the existing Plan will be moved to a defined contribution plan no later than July 1, 2008. It is also the intention of the Company to use Plan assets to purchase annuities for the existing pensioner group as appropriate to manage economic volatility. Under the settlement, the Company will be responsible for any shortfall in funding beyond the negotiated level of contributions, will be responsible for administering the Plan, and will have the right to amend or terminate. The Company intends to account for any continuing obligations under the existing Plan as a defined benefit plan upon dissolution of the Board of Trustees and upon registration of plan amendments with the Office of the Superintendent of Financial Institutions ("OSFI").

In August, 2007 a formal actuarial report on the Plan as at December 31, 2006 was filed with OSFI. The report indicates a solvency deficiency of \$23.3 million and a going concern surplus of \$17.5 million. The next formal valuation will be as at December 31, 2007 and is due to be filed June 30, 2008.

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By agreement with OSFI the Company has been remitting an amount equal to its disputed additional quarterly contributions to a separate security arrangement. As part of the settlement, funds held in the security arrangement totaling approximately \$14.6 million together with additional quarterly instalments falling due will be transferred to a Plan fund, and the Company will make all additional quarterly payments beyond the negotiated rate until the deficit is retired.

In fiscal 2006, the Company recorded a charge of \$15 million in connection with potential obligations with respect to the Plan. In the second quarter of fiscal 2007, the Corporation recorded an additional charge of \$5 million to reflect the best estimate of the minimum cost to the Company of resolving the dispute. While the ultimate cost of the settlement is uncertain, in the opinion of management, it is likely that the minimum cost to the Company will be \$20 million. There is a continuing risk that the obligation to fully fund the additional Plan liabilities accepted by the Company under the settlement will exceed this \$20 million provision.

f) Asset Retirement Obligations

In 1987, a joint venture, which manufactured phosphate and nitrate fertilizers, closed two of its facilities. The asset retirement obligations represent the best estimate by Westco management of the legal obligations it would incur during the reclamation process. Reclamation involves the demolition of the manufacturing facilities and the reclamation of the phosphogypsum stacks. Uncertainty exists regarding the estimation of future decommissioning and reclamation costs.

At April 30, 2008, the Company estimated that the undiscounted cash flow required to settle the asset retirement obligations was approximately \$19.7 million, which is expected to be settled over the 2008 through 2015 period. The credit adjusted risk-free rates at which the estimated cash flows have been discounted range from 4% to 5.15%.

g) Director and Officer Indemnification

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

h) Other Indemnification Provisions

From time to time, the Company enters into agreements in the normal course of operations and in connection with business or asset acquisitions or dispositions. By their nature, these agreements may provide for indemnification of counterparties. The varying nature of these indemnification agreements prevents the Company from making a reasonable estimate of the maximum potential amount it could incur. Historically, the Company has not made any significant payments in connection with these indemnification provisions.

i) Other Contingencies

As at April 30, 2008, there were claims against the Company in varying amounts for which a provision in the financial statements is not considered necessary. The occurrence of the confirming future event is not determinable or it is not possible to determine the amounts that may ultimately be assessed against the Company with respect to these claims. Management believes that any such amounts would not have a material impact on the business or financial position of the Company.

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11. CHANGES TO SIGNIFICANT ACCOUNTING POLICIES

a) Financial Instruments

Effective November 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855, Financial Instruments – Recognition and Measurement; Section 3865, Hedges; Section 3251, Equity; Section 1530, Comprehensive Income; Section 3862, Financial Instruments – Disclosures and Section 3863, Financial Instruments – Presentation.

Under these new standards, all financial assets and financial liabilities, including derivatives, are initially recognized at transition at fair value or amortized cost on the Consolidated Balance Sheet.

Financial and non-financial derivative instruments are used by the Company to reduce its exposure to fluctuations in foreign currency exchange rates and commodity prices. In the normal course of business, the Company does not hold or issue derivative instruments for derivative trading purposes. Any change in the value of the derivatives is reported in earnings. At November 1, 2007, the Company identified only one contract with an embedded derivative which had nominal value.

Transaction costs related to financial assets or liabilities, other than those held for trading, adjust the carrying amount of the underlying instrument. These costs are then amortized over the instrument's remaining expected life using the effective interest rate method and are included as part of financing expenses. Transaction costs related to financial assets or liabilities classified as held for trading are expensed as incurred.

These changes in accounting policy were applied retrospectively without restatement of comparative financial statements with the exception of the reclassification of the currency translation account of \$1,029 to accumulated other comprehensive income. As at November 1, 2007, the Company has recorded the following adjustments:

	Accumulated Other Comprehensive Income	Retained Earnings	Total
	Increase / (Decrease)	Increase / (Decrease)	Increase / (Decrease)
Investments	\$ 254	\$ -	\$ 254
Accounts receivable	8,744	-	8,744
Other long-term assets	-	(6,759)	(6,759)
	\$ 8,998	\$ (6,759)	\$ 2,239
Long-term debt	\$ -	\$ (6,833)	\$ (6,833)
Future income tax - liability	2,839	24	2,863
	\$ 2,839	\$ (6,809)	\$ (3,970)
Retained earnings	\$ -	\$ 50	\$ 50
Accumulated other comprehensive income	6,159	-	6,159
	\$ 6,159	\$ 50	\$ 6,209
	\$ 8,998	\$ (6,759)	\$ 2,239

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

- The fair value of short-term financial instruments approximates their carrying amounts due to the relatively short period to maturity. These include cash, cash in trust, short-term investments, accounts receivable, bank indebtedness, short-term borrowings and accounts payable and accrued liabilities.
- Investments that are classified as Available for Sale have been recorded at their fair value based on closing market quotations, if available. The fair value of investments that do not have an active trading market have been recorded at cost.
- The fair value of long-term debt with fixed interest rates is estimated by discounting the expected future cash flows using the risk-free interest rate on an instrument with similar terms adjusted for an appropriate risk premium for the Company's credit profile.
- Foreign exchange contracts, commodity contracts and exchange-traded derivatives are valued based on closing market quotations.
- The fair value of long-term receivables and payables were calculated using discounted cash flows.

The following table presents the carrying amount and the fair value of the Company's financial instruments and non-financial derivatives. Amortized cost is calculated using the effective interest rate method. Fair value is based on quoted market prices when available. However, when financial instruments lack an available trading market, fair value is determined using management's estimates and is calculated using market factors for instruments with similar characteristics and risk profiles. Management does not believe that using different market factors would significantly affect the assessed value. These amounts represent point-in-time estimates and may not reflect fair value in the future. These calculations are subjective in nature, involve uncertainties and are a matter of significant judgment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	April 30, 2008		Financial Instruments Category	November 1, 2007
	Carrying Value	Fair Value		Carrying Value
Cash	\$ 10,113	\$ 10,113	HFT	\$ 24,600
Cash in trust	14,641	14,641	HFT	16,710
Short-term investments	23,790	23,790	HFT-D	44,051
Accounts receivable				
Loans and receivables	552,116	552,116	L&R	438,939
Commodity contracts and exchange-traded derivatives	128,804	128,804	HFT	28,719
	680,920			467,658
Investments:				
Available for sale at fair value	184	184	AFS	258
Available for sale at cost	8,075	8,075	AFS	7,815
Non-financial instrument	9,507		N/A	11,379
	17,766			19,452
Other long-term assets:				
Long-term receivable	5,122	5,122	L&R	7,319
Non-financial instrument	46,900		N/A	47,155
	52,022			54,474
Bank indebtedness	42,433	42,433	OFL	4,501
Short-term borrowings	573,209	573,209	OFL	352,527
Accounts payable and accrued liabilities				
Other liabilities	1,021,947	1,021,947	OFL	711,412
Commodity contracts and exchange-traded derivatives	24,062	24,062	HFT	12,533
	1,046,009			723,945
Long-term debt, including current portion	303,862	307,862	OFL	304,316
Other long-term liabilities				
Classified as other liabilities	17,794	17,794	OFL	12,758
Non-financial instrument	39,739	39,739	N/A	47,497
	57,533			60,255

Financial instruments category/guide:

HFT	Held for trading
HFT-D	Held for trading – designated
L&R	Loans and receivables
AFS	Available for sale
OFL	Other financial liabilities
N/A	Not applicable

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Significant Accounting Policies

Available for Sale

Financial assets classified as Available for Sale are carried at fair value with the changes in fair value initially recorded in other comprehensive income until they are assessed to be impaired or disposed of at which time they flow through the Consolidated Statement of Earnings. Securities that are classified as Available for Sale and do not have a readily available market value are recorded at cost.

Held for Trading

Financial assets and financial liabilities that are purchased and incurred with the intention of generating profits in the near term are classified as Held for Trading. These instruments are accounted for at fair value with the change in the value recognized in cost of sales.

Held for Trading - Designated

The Company has elected to designate short-term investments as Held for Trading. These instruments are accounted for at fair value with the change in the value recognized in Sales and other operating revenues.

Held to Maturity

The Company does not have any financial instruments that were classified as Held to Maturity.

Loans and Receivables

Loans and Receivables are accounted for at amortized cost using the effective interest rate method.

Other Financial Liabilities

Other Financial Liabilities are accounted for at amortized cost using the effective interest rate method.

Risks and Risk Management

The Company faces certain financial risks such as commodity price, foreign exchange, interest rate, credit and liquidity risk which can impact its financial performance. For additional information on other general and environmental risks and how they arise and are managed, readers should review the 2007 Annual Information Form and Section 17 of the 2007 Annual Report.

Commodity Price Risk

The Company is exposed to commodity price movements within the market as part of our normal operations. The Company uses exchange-traded futures and options contracts to minimize the effects of changes in the prices of hedgable agricultural commodities on its agri-business inventories and agricultural commodities forward cash purchase and sales contracts. Exchange-traded futures and options contracts are valued at the quoted market prices. Forward purchase contracts and forward sales contracts are valued at the quoted market prices, which are based on exchange quoted prices adjusted for freight and handling costs. This is consistent with the Company's practice in the prior year. The Company manages the risk associated with inventory and open contracts on a combined

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basis. The Company's Risk Management Policy provides limits within which management may maintain inventory and certain long or short commodity positions. Based on the Company's April 30, 2008 closing positions, a \$10 per tonne change in market prices and a \$2 per tonne change in basis levels would result in a \$1.6 million change to the Company's after tax earnings on unhedged positions.

Foreign Exchange Risk

The Company is exposed to foreign exchange risk on financial commodity contracts which are denominated in US dollars. The Company uses derivative financial instruments, such as foreign currency forward contracts and futures contracts, to limit exposures to changes in foreign currency exchange rates with respect to its recorded foreign currency denominated assets and liabilities. Certain areas of the Company not related to the handling and marketing of grain have discontinued hedge accounting and have thereby increased the potential for volatility in income on these previously hedged contracts. These contracts as well as the foreign currency forward and futures contracts in the remaining areas of the Company are marked-to-market and unrealized gains and losses are recognized in income in the period in which they occur.

The Company also has immaterial exposures to currencies other than the US dollar such as British pounds and Euros.

Interest Rate Risk

The Company manages interest rate risk and currency risk on borrowings by using a combination of cash instruments, forwards and a mixture of fixed and floating rates. The Company is exposed to interest rate risk on long-term debt, however, this risk is considered low and there are no financial contracts in place to offset interest rate risk. Based on the April 30, 2008 closing borrowing, the Company is exposed to interest rate risk on short-term variable rate borrowings. The Company's short-term borrowings fluctuate with seasonal working capital requirements. A 1% increase in short-term variable rates based on April 30, 2008 borrowings would decrease after tax earnings by \$4 million per annum.

Credit Risk

The Company is exposed to credit risk in respect of trade receivables as well as to risk if counterparties do not fulfill their contractual obligations. The Company manages exposure to potential credit risk in respect of trade receivables through ongoing credit reviews of all significant contracts and analysis of payment and loss history. The absence of significant financial concentration of such receivables limits its exposure to credit risk. Credit risk exposure for the Agri-products and Livestock segments are also limited through an arrangement with a Canadian Schedule I chartered bank which provides for limited recourse to the Company for credit losses on accounts receivable under Viterra Financial and Unifeed Financial.

The allowance for bad debts as at October 31, 2007 was \$16.9 million and was \$21.9 million at April 30, 2008. All bad debt write-offs are charged to general and administrative expense.

Our maximum credit exposure at the balance sheet date consists primarily of the carrying amounts of non-derivative financial assets such as Accounts Receivable and Long-term

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Receivables as well as the fair value of commodity contracts and exchange-traded derivatives included in Accounts Receivable.

Liquidity Risk

The Company actively maintains credit facilities to ensure it has sufficient available funds to meet current and foreseeable financial requirements. Please see Section 6.6 of the MD&A for contractual maturities of financial liabilities at April 30, 2008. Management believes that future cash flows from operations and availability under existing banking arrangements will be adequate to support these financial liabilities.

Collateral

The Company has pledged accounts receivable with a carrying value of \$652.7 million as security for short term borrowings. The Company has pledged \$18.1 million of short-term investments as security for exchange-traded derivatives.

b) Non-hedgable grain inventories and related commodity contracts

The Company has historically classified its grain inventories and related derivative contracts into two categories. Hedgable grain inventories are those for which the market risk associated with inventory positions is managed through exchange traded futures instruments. Non-hedgable grain inventories include inventories for which there are no exchange traded instruments but where cash traded instruments are commonly used to manage market risk. The Company manages the market risk associated with inventory and open contracts on a combined basis.

Prior to October 31, 2007 non-hedgable grain inventories and related commodity contracts were valued on a combined basis at the lower of cost and net realizable value. During the period, the Company has adopted the policy of valuing its non-hedgable grain inventories on the basis of market quotations less freight and handling costs. Gains and losses on related open grain purchase and sales contracts are based on estimated fair value. This new policy, in addition to providing consistency with its existing accounting policy for hedgable inventories and commodities is consistent with the fair value measurement requirements adopted on November 1, 2007 for financial instruments and other derivative contracts of the Company. The impact of this change in accounting policy has been recorded retrospectively with restatement of the prior period.

As at October 31, 2007, the Company has recorded the following adjustments as a result of this change in accounting policy:

	<u>Increase</u>
Accounts receivable	\$ 2,149
Inventories	\$ 16,878
Accounts payable	\$ 11,242
Future income taxes	\$ 2,491
Retained earnings, as at October 31, 2007	\$ 5,294

There was no impact of this change in accounting policy on the deficit of the Company as at July 31, 2006 and the period ended April 30, 2007. Net earnings for the period from April 30, 2007 to October 31, 2007 will be increased by \$5.3 million, net of a tax provision of \$2.5 million. The Company no longer supports the former accounting systems associated with non-hedgable grain inventories, therefore the impact of this accounting policy change to earnings for the three and six month periods ended April 30, 2008 is not determinable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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c) Other

The Company also adopted CICA Handbook Section 1506 Accounting Changes and Section 1535 Capital Disclosures, effective November 1, 2007. These sections resulted in additional financial statement note disclosure.

12. MANAGEMENT OF CAPITAL

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

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

As at	April 30, 2008	April 30, 2007	October 31, 2007
Bank indebtedness	\$ 42,433	\$ 10,861	\$ 4,501
Short-term borrowings	573,209	42,399	352,527
Total short-term debt	\$ 615,642	\$ 53,260	\$ 357,028
Long-term debt due within one year	\$ 3,068	\$ 1,355	\$ 3,736
Long-term debt	300,794	104,669	307,413
Total long-term debt	\$ 303,862	\$ 106,024	\$ 311,149
Total interest bearing debt	\$ 919,504	\$ 159,284	\$ 668,177
Shareholders' Equity	\$ 1,553,326	\$ 479,285	\$ 1,474,621
Total Capital	\$ 2,472,830	\$ 638,569	\$ 2,142,798
Debt to total capital:			
As at the balance sheet date	37:63	25:75	31:69
Four quarter average	37:63	25:75	34:66

13. FUTURE ACCOUNTING CHANGES

a) Inventories

In June 2007, the CICA issued Section 3031, Inventories, replacing Section 3030, Inventories. The new Section will be applicable to financial statements relating to fiscal years beginning on or after January 1, 2008. Accordingly, the Company will adopt the new standards for its fiscal year beginning November 1, 2008. It provides more guidance on the measurement and disclosure requirements for inventories. The Company is currently evaluating the impact of the adoption of this new Section on its consolidated financial statements.

b) Goodwill and Intangible Assets

In February 2008, the CICA issued Section 3064, Goodwill and Intangible Assets, replacing Section 3062, Goodwill and Other Intangible Assets and Section 3450, Research and Development Costs. Various changes have been made to other sections of the CICA Handbook for consistency purposes. The new Section will be applicable to financial

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statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company will adopt the new standards for its fiscal year beginning November 1, 2008. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The Company is currently evaluating the impact of the adoption of this new Section on its consolidated financial statements.

14. CORPORATE TAXES

Included in the Company's year-to-date provision for corporate taxes is a \$13.5 million recovery which reflects the impact of declining federal tax rates on the Company's net future tax liability. The recovery is primarily made up of the impact of the change to substantively enacted rates on the opening balance sheet.

Also included in the Company's year-to-date provision for corporate taxes is a \$5 million recovery as a result of the successful appeal of a CRA reassessment of the company's 1997 taxation year. The non-taxable portion of the related interest recovery further reduced the Company's income tax expense by \$1.8 million.

15. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to current period presentation.

16. SUBSEQUENT EVENTS

a) Share Capital Issued

On May 9, 2008, the Company issued 28.6 million common shares, on a bought deal basis at a price of \$14.00 per common share, to a syndicate of underwriters as part of a \$400.4 million offering. As well, on May 9, 2008, in relation to the \$400.4 million offering, the underwriters exercised in full an Over-Allotment Option to purchase an additional 4.29 million common shares at a price of \$14.00 per common share for additional gross proceeds of \$60.1 million. The underwriters' over-allotment option closed on May 14, 2008.

The Company raised gross proceeds from the common share offering and subsequent over-allotment of \$460.5 million. Underwriters' fees and other costs associated with the offering and the over-allotment were approximately \$19.1 million. In accordance with the capital nature of this transaction, the associated costs will be reflected as a charge to shareholders' equity and reflected in the retained earnings of the Company. Net proceeds from the offering and over-allotment of \$441.4 million will be used for general corporate purposes, and in particular, are expected to be used to fund future acquisitions.

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As a result of the above, the common voting share balance as at May 14, 2008, excluding any stock options exercised after April 30, 2008, is as follows:

	<u>Common voting shares</u>	
	<u>Number¹</u>	<u>Amount</u>
Balance, April 30, 2008 – see Note 6	204,159,163	\$1,422,876
Share issuance – May 9, 2008	28,600,000	400,400
Underwriter over-allotment option – May 14, 2008	4,290,000	60,060
<u>Balance, May 14, 2008</u>	<u>237,049,163</u>	<u>\$1,883,336</u>

¹ number of shares are not shown in thousands

b) Credit Facility Financing

On May 15, 2008, the Company completed a \$400 million, five-year term secured credit facility with a syndicate of financial institutions. The facility is secured by a first charge on property, plant and equipment and a second charge on accounts receivable and inventory. Based upon the Company's current credit ratings, interest on the credit facility is at approximately 6.3% on Canadian dollar borrowings and approximately 6.5% on US dollar borrowings, with minimum mandatory repayments of 4% per annum.

Upon closing, the Company received \$300 million in proceeds from the credit facility, comprised of \$225 million Canadian and \$75 million US. Approximately \$232 million of the proceeds were used to fully repay the remaining outstanding amounts on the Company's Bridge Facility included in Short Term borrowings. The balance of the proceeds will be used for general corporate purposes, including the funding of potential future acquisitions. The Company has an option to draw an additional \$100 million at any time within the next six months.