

RiceCo International, Inc.

FINANCIAL STATEMENTS

March 31, 2016 and 2015



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
RiceCo International, Inc.
Memphis, TN

We have audited the accompanying financial statements of RiceCo International, Inc. (the "Company"), a Bahamas Corporation, which comprise the balance sheets as of March 31, 2016 and 2015, and the related statements of income, changes in stockholder's equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RiceCo International, Inc. as of March 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Car, Riggs & Ingram, L.L.C.

Houston, Texas
April 15, 2016

RiceCo International, Inc.
Balance Sheets

<i>March 31,</i>	2016	2015
<i>(in thousands)</i>		
Assets		
Current assets		
Cash and cash equivalents	\$ 618	\$ 353
Trade accounts receivable	7,770	8,965
Trade accounts receivable - related parties	25,640	10,475
Other receivables	3	20
Due from related party	4,800	5,941
Inventories	5,787	6,015
Prepaid expenses	57	52
Total current assets	44,675	31,821
Property and equipment, net	7	5
Other assets		
Intangible assets, net	674	661
Total assets	\$ 45,356	\$ 32,487

The accompanying notes are an integral part of these financial statements.

RiceCo International, Inc.
Balance Sheets

<i>March 31,</i>	2016	2015
<i>(in thousands)</i>		
Liabilities and stockholder's equity		
Current liabilities		
Trade accounts payable	\$ 2,659	\$ 1,740
Trade accounts payable - related parties	13,160	2,676
Due to related party	1,790	-
Accrued expenses	619	244
<hr/>		
Total current liabilities	18,228	4,660
Commitments and contingencies		
Stockholder's equity		
Common stock, \$1 par value, 50,000 shares authorized, 5,000 issued and outstanding	5	5
Retained earnings	27,123	27,822
<hr/>		
Total stockholder's equity	27,128	27,827
<hr/>		
Total liabilities and stockholder's equity	\$ 45,356	\$ 32,487
<hr/> <hr/>		

The accompanying notes are an integral part of these financial statements.

RiceCo International, Inc.
Statements of Income

<i>For the years ended March 31,</i> <i>(in thousands)</i>	2016	2015
Revenue, net	\$ 46,859	40,510
Cost of revenue	33,678	29,706
Gross profit	13,181	10,804
Selling, general and administrative expenses	3,993	1,984
Income from operations	9,188	8,820
Other income (expense)		
Other income	2	2
Interest income	124	26
Interest expense	(13)	(4)
Total other income	113	24
Net income	\$ 9,301	\$ 8,844

The accompanying notes are an integral part of these financial statements.

RiceCo International, Inc.
Statements of Changes in Stockholder's Equity

	Common Stock	Retained Earnings	Total
<i>(in thousands)</i>			
Balance, March 31, 2014	\$ 5	\$ 18,978	\$ 18,983
Net income	-	8,844	8,844
Balance, March 31, 2015	5	27,822	27,827
Net income	-	9,301	9,301
Distributions	-	(10,000)	(10,000)
Balance, March 31, 2016	\$ 5	\$ 27,123	\$ 27,128

The accompanying notes are an integral part of these financial statements.

RiceCo International, Inc.
Statements of Cash Flows

<i>For the years ended March 31,</i> <i>(in thousands)</i>	2016	2015
Operating activities		
Net income	\$ 9,301	\$ 8,844
Adjustments to reconcile net income to net cash provided by operating activities		
Amortization	238	186
Depreciation	2	1
Accrued interest on due from related party	-	(26)
Change in operating assets and liabilities		
Trade accounts receivable	1,195	(1,413)
Trade accounts receivable - related parties	(15,165)	505
Other receivables	17	(17)
Inventories	228	(203)
Prepaid expenses	(5)	-
Trade accounts payable	919	62
Trade accounts payable - related parties	10,484	(1,947)
Due to related party	1,790	-
Accrued expenses	375	(48)
Net cash provided by operating activities	9,379	5,944
Investing activities		
Advance to related party	(8,800)	(9,965)
Repayment from related party	9,941	4,050
Cost of intangible assets	(251)	(239)
Purchases of property and equipment	(4)	(3)
Net cash provided by (used in) investing activities	886	(6,157)
Financing activities		
Distributions	(10,000)	-
Net increase (decrease) in cash and cash equivalents	265	(213)
Cash and cash equivalents, beginning of year	353	566
Cash and cash equivalents, end of year	\$ 618	\$ 353
Supplemental Disclosure of Cash flow Information		
Cash paid for interest	\$ 17	\$ 4

The accompanying notes are an integral part of these financial statements.

NOTE 1: ORGANIZATION

RiceCo International, Inc. (the “Company”) was incorporated in the Commonwealth of the Bahamas on March 23, 2011 and commenced operations on April 1, 2011. The Company is wholly owned by UPL Limited, Mauritius (“UPL”). The Company is an international distributor of Propanil, other rice-related products, and other crop protection products. The Company also sells those products to a related party in the United States.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Company is presented to assist in understanding the financial statements. The financial statements and notes are the representations of management, who are responsible for their integrity and objectivity. These accounting policies reflect industry practices, conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements. The following items comprise the significant accounting policies of the Company.

Cash Equivalents

The Company considers all highly liquid financial instruments with original maturities of three months or less to be cash equivalents.

Revenue Recognition

The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price to the customer is fixed or determinable, and collectability is reasonably assured. Appropriate accruals for discounts, volume incentives, and other allowances are recorded as reductions in revenue.

Trade Accounts Receivable

Trade accounts receivable represent amounts owed to the Company which are expected to be collected within the next twelve months. Management evaluates receivables on an ongoing basis by analyzing customer relationships, customer’s financial condition, and previous payment histories. Customer account balances not paid by the due date or other agreed upon date specified by negotiated terms are considered delinquent. An allowance for doubtful accounts is established when a receivable is considered uncollectible. Receivables are written-off against the allowance for doubtful accounts after all collection efforts have failed. Certain trade accounts receivable are subject to extended payment terms. As of March 31, 2016 and 2015, there is no allowance for doubtful accounts as the Company considers all receivables to be collectible.

RiceCo International, Inc.
Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

The Company values its inventories at the lower of cost, determined on a weighted average basis, or market. Inventories at March 31, 2016 and 2015 consist of the following (in thousands):

<i>March 31,</i>	2016	2015
Raw Materials	\$ 2,798	\$ 549
Finished Goods	2,989	5,466
Total	\$ 5,787	\$ 6,015

Property and Equipment

Property and equipment are recorded at cost including betterments which materially increase the useful lives or values of the assets. Repairs and maintenance are charged to operations when incurred. When property and equipment are sold or otherwise disposed, the asset and related accumulated depreciation accounts are relieved, and any gain or loss is included in operations. Depreciation is computed using the straight-line method over the useful lives of the respective assets which range from three to five years. Depreciation expense charged to operations totaled \$2,174 and \$1,207 for the years ended March 31, 2016 and 2015.

At March 31, 2016 and 2015, property and equipment consisted of computer equipment with a cost of \$11,369 and \$7,413 and is presented net of accumulated depreciation of \$4,395 and \$2,221.

Intangible Assets

The Company capitalizes costs associated with intellectual property and amortizes these costs on a straight line basis over five years. These assets are included in intangible assets on the accompanying balance sheets at March 31, 2016 and 2015.

Impairment losses are recorded when indicators of impairment are present and the carrying amount of a long-lived asset exceeds its fair value. In addition, useful lives of long-lived assets are reviewed annually. At March 31, 2016 and 2015, the Company's assessment of long-lived assets did not indicate an impairment.

Shipping and Handling Costs

Shipping and handling fees and costs related to purchase transactions with vendors and sales transactions with customers are recorded in cost of revenue on the accompanying statements of income for the years ended March 31, 2016 and 2015.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Company is incorporated in the Bahamas. There are no taxes on income or gains in the Bahamas and, accordingly, the Company is exempt from income taxes. Additionally, the Company is not subject to federal or state taxes in the United States. Accordingly, no provision for income taxes is provided in the financial statements.

Fair Value Considerations

The Company uses fair value to measure financial and certain nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value hierarchy established and prioritized fair value measurements into three levels based on the nature of the inputs. The hierarchy gives the highest priority to inputs based on market data from independent sources (observable inputs – Level 1) and the lowest priority to a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable inputs – Level 3).

The fair value option allows entities to choose, at specified election dates, to measure eligible financial assets and financial liabilities at fair value that are not otherwise required to be measured at fair value. If an organization elects the fair value option for an eligible item, changes in that item's fair value in subsequent reporting periods must be recognized in current earnings. The Company did not elect the fair value option for the measurement of any eligible assets or liabilities.

The Company's financial instruments (primarily cash and cash equivalents, receivables, and payables) are carried in the accompanying financial statements at amounts which reasonably approximate fair value.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. Estimates that have the most impact on the financial position primarily relate to the collectability of receivables, the realizability of inventories, the useful lives and recoverability of intangible assets and property and equipment and certain accrued liabilities. Management believes these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

RiceCo International, Inc.
Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Audit Fees

Audit fees for the years ended March 31, 2016 and 2015 totaled \$68,410 and \$42,730, respectively.

Subsequent Events

The Company has evaluated subsequent events through the date the financial statements were available for issuance on April 15, 2016. No matters were identified affecting the accompanying financial statements or related disclosures.

Reclassifications

Certain amounts from 2015 financial statements have been reclassified to conform to the 2016 presentation. These reclassifications had no effect on previously reported net income or stockholder's equity.

NOTE 3: INTANGIBLE ASSETS

At March 31, 2016 and 2015, intangible assets consist of intellectual property totaling \$1,281,251 and \$1,030,575. These assets are being amortized on a straight-line basis over five years. For the years ended March 31, 2016 and 2015, amortization expense totaled \$237,535 and \$185,980. Accumulated amortization at March 31, 2016 and 2015 totaled \$607,598 and \$370,063.

Total estimated amortization expense for the next five years and thereafter is as follows (in thousands):

<i>For the year ending March 31,</i>	
2017	\$ 254
2018	199
2019	132
2020	69
2021	20
	\$ 674

NOTE 4: REVOLVING LINE OF CREDIT

At March 31, 2016, the Company had a revolving line of credit agreement with U.S. Bank National Association which provides for maximum borrowings of \$5,000,000 through December 2016, secured by accounts receivable and inventory. The line of credit bears interest at the greater of prime less 1.25% or the Daily One Month London Interbank Offered Rate (LIBOR) plus 1.375% (2.25% and 2% at March 31, 2016 and 2015). At March 31, 2016 and 2015, the Company did not have an outstanding balance on the line of credit.

NOTE 5: CONCENTRATIONS OF CREDIT RISK

The Company maintains bank balances at various financial institutions which from time to time may exceed the Federal Deposit Insurance Corporation's limit of \$250,000. The Company manages risk by maintaining these deposits in high quality financial institutions and periodically performs an evaluation of the relative credit standing of each financial institution. The Company has not experienced any losses from maintaining cash deposits in excess of the federally insured limit. Management believes that is not exposed to any significant credit risk on cash and cash equivalents.

The Company also maintains bank accounts with financial institutions outside the United States. Although management believes the banks to be high credit quality financial institutions, amounts on deposit may be subject to uninsured risks.

The Company's customer base includes domestic and international distributors of agricultural products. Trade accounts receivable at any point in time may be concentrated in a relatively small number of customer accounts. Most accounts receivable are covered by credit insurance up to 90% of the outstanding balance. For the year ended March 31, 2016, one related party comprised 58% of total revenues and two related parties accounted for 69% of trade accounts receivable and trade accounts receivable – related parties at March 31, 2016. For the year ended March 31, 2015, one unrelated customer comprised 12% of total revenues and one unrelated customer accounted for 22% of trade accounts receivable and trade accounts receivable – related parties at March 31, 2015, while one related party comprised 59% of total revenues for the year ended March 31, 2015 and two related parties accounted for 42% of trade accounts receivable and trade accounts receivable – related parties at March 31, 2015.

For the year ended March 31, 2016, one vendor and one related party comprised 26% and 44% of total purchases and one related party comprised 71% of trade accounts payable and trade accounts payable – related parties at March 31, 2016. For the year ended March 31, 2015, two vendors and one related party comprised 86% of total purchases and one vendor and two related parties comprised 73% of trade accounts payable and trade accounts payable – related parties at March 31, 2015.

NOTE 6: RELATED PARTY TRANSACTIONS

Names of related parties where control exists irrespective of whether transactions have occurred or not:

Ultimate Holding Company	UPL LTD, Mumbai
Holding Company of Parent Company	Bio-win Corp. Ltd.
Parent Company	UPL Ltd, Mauritius

Names of other related parties with whom transactions have taken place during the year:

Fellow Subsidiaries

PT Catur Agrodaya Mandiri, Indonesia
RiceCo, LLC
UPL Agro SA DE CV.(Formerly Known as United Phosphorus de Mexico, S.A. de C.V.)
UPL Colombia
UPL Costa Rica
UPL Do Brasil
UPL Vietnam
UPL Limited India
UPL Limited, MAURITIUS (Formerly known as Uniphos Limited, Mauritius)
Advanta Seeds
UPL Argentina S A (Formerly known as Icona S A - Argentina)
UPL Hong Kong
RiceCo LLC S. De RL
PT.UPL Indonesia (Formerly Known as PT. United Phosphorus Indonesia)
UPL LIMITED,Gibraltar (Formerly Known as Uniphos Limited, Gibraltar)

RiceCo International, Inc.
Notes to Financial Statements

NOTE 6: RELATED PARTY TRANSACTIONS (Continued)

The Company had receivables from and payable due to various entities controlled by the parent company as follows:

<i>March 31,</i>	2016	2015
RiceCo, LLC	\$ 18,642,888	\$ 4,703,490
UPL Argentina S A	\$ 246,426	\$ 246,426
UPL Agro SA DE CV.	\$ 153,600	\$ 770,202
UPL Costa Rica	\$ 283,312	\$ 448,000
UPL Colombia	\$ 4,506,194	\$ 3,524,282
UPL Limited India	\$ 210,050	\$ -
PT.UPL Indonesia	\$ 316,346	\$ 474,373
UPL Vietnam	\$ 56,100	\$ -
UPL Do Brasil	\$ 1,224,720	\$ 308,415

Loan to affiliates

<i>March 31,</i>	2016	2015
UPL Limited, Mauritius (short term; interest rate - six month LIBOR rate plus 2.50%)	\$ -	\$ 5,941,327
RiceCo, LLC (short term; interest rate - 0.00%)	\$ 4,800,000	\$ -

Due to affiliates

<i>March 31,</i>	2016	2015
RiceCo, LLC	\$ 2,170,011	\$ 646,906
UPL Argentina S A	\$ 106,147	\$ 32,328
UPL Colombia	\$ 515,396	\$ -
UPL Do Brazil	\$ 11,690	\$ -
UPL Limited India	\$ 678,611	\$ 58,700
UPL Limited, Gibraltar	\$ 10,968,398	\$ 1,937,920
UPL Vietnam	\$ 499,760	\$ -

RiceCo International, Inc.
Notes to Financial Statements

NOTE 6: RELATED PARTY TRANSACTIONS (Continued)

Loan from affiliates (Non-current):

<i>March 31,</i>	2016	2015
N/A	\$ -	\$ -

The Company also had the following transactions with affiliate entities:

<i>For the years ended March 31,</i>			2016	2015
No	Nature of transactions	Name of related party		
1	Sales			
		PT Catur Agrodaya Mandiri, Indonesia	\$ 66,000	\$ 382,400
		RiceCo, LLC	\$ 27,479,008	\$ 24,340,683
		UPL Agro SA DE CV.	\$ 460,800	\$ 770,202
		UPL Colombia	\$ 4,198,113	\$ 1,354,859
		UPL Costa Rica	\$ 392,112	\$ 448,000
		UPL Do Brasil	\$ 1,224,720	\$ 308,415
		UPL-Vietnam	\$ 56,100	\$ -
		UPL Limited India	\$ 310,700	\$ -
2	Purchases			
		RiceCo, LLC	\$ 1,404,693	\$ 942,244
		United Phosphorus Limited, Gibraltar	\$ 12,543,878	\$ 12,809,720
		UPL Limited India	\$ 680,043	\$ 428,586
		UPL Vietnam	\$ 499,760	\$ -
		UPL Colombia	\$ -	\$ 515,396
		UPL Do Brasil	\$ 11,690	\$ -
3	Interest expense		\$ -	\$ -
4	Interest Income	UPL Limited, Mauritius	\$ 125,222	\$ 26,327
5	Loan given			
		UPL Limited, Mauritius	\$ -	\$ 5,915,000
		RiceCo, LLC	\$ 8,800,000	\$ 4,050,000
6	Loan taken		\$ -	\$ -

RiceCo International, Inc.
Notes to Financial Statements

NOTE 6: RELATED PARTY TRANSACTIONS (Continued)

<i>For the years ended March 31,</i>			2016	2015
No	Nature of transactions	Name of related party		
7	Repayment of loan given			
		UPL Limited, Mauritius	\$ 5,915,000	\$ -
		RiceCo, LLC	\$ 4,000,000	\$ 4,050,000
8	Repayment of loan taken		\$ -	\$ -
9	Selling, general and administrative expense recharge	Advanta Seeds	\$ 66,685	\$ -
	recharge	UPL Argentina S A	\$ 73,818	\$ 17,298
	recharge	United Phosphorus Limited, Gibraltar	\$ 5,920	\$ -
	recharge	UPL Limited India	\$ -	\$ 1,300
	recharge	UPL Hong Kong	\$ 5,484	\$ -
	recharge	RiceCo LLC S. De RL	\$ -	\$ 17,800
10	Management fees	RiceCo, LLC	\$ 1,790,000	\$ -
11	Dividend	UPL Limited, Mauritius	\$ 10,000,000	\$ -

NOTE 7: COMMITMENTS AND CONTINGENCIES

The Company is involved in a legal action arising in the ordinary course of business. Although legal counsel is unable to express an opinion as to the outcome of this matter, in management's opinion, the outcome of this matter will not be material to the financial condition or results of operations of the Company.