RiceCo, LLC

FINANCIAL STATEMENTS

March 31, 2017 and 2016

Carr, Riggs & Ingram, LLC
Two Riverway, 15th Floor
Houston, TX 77056

(713) 621-8090
(713) 621-6907 (fax)
www.cricpa.com

INDEPENDENT AUDITOR'S REPORT

To the Member
RiceCo, LLC
Memphis, TN

We have audited the accompanying financial statements of RiceCo, LLC (the "Company"), a Delaware Limited Liability Company, which comprise the balance sheets as of March 31, 2017 and 2016, and the related statements of income, changes in member'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 audits 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, LLC as of March 31, 2017 and 2016, 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.

Carr, Riggs & Ingram, L.L.C.

Houston, Texas
April 21, 2017

RiceCo, LLC
Balance Sheets

March 31,	**2017**	2016
(in thousands)		
Assets		
Current assets		
Cash and cash equivalents	**$ 2,195**	$ 4
Trade accounts receivable	**42,493**	48,874
Accounts receivable - related parties	**9,998**	380
Due from related party	**-**	1,790
Inventories	**14,378**	8,982
Prepaid expenses and other	**281**	216
Total current assets	**69,345**	60,246
Property and equipment		
Leasehold Improvements	**21**	21
Furniture and equipment	**115**	128
Vehicles	**616**	600
Production equipment	**269**	295
	1,021	1,044
Less: accumulated depreciation	**(564)**	(664)
Net property and equipment	**457**	380
Other assets		
Intangibles and other assets, net	**2,854**	3,650
Total assets	**$ 72,656**	$ 64,276

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

March 31,	**2017**	2016
(in thousands)		
Liabilities and member's equity		
Current liabilities		
Trade accounts payable	**$ 4,997**	$ 5,266
Trade accounts payable - related parties	**35,239**	19,143
Accrued expenses	**15,481**	14,211
Due to related parties	**3,469**	6,666
Line of credit	**-**	7,499
Current maturities of long-term debt	**37**	-
Total current liabilities	**59,223**	52,785
Long-term debt		
Long-term debt, net of current maturities	**153**	-
Total liabilities	**59,376**	52,785
Commitments and contingencies		
Member's equity		
Contributed member's equity	**5,617**	5,617
Retained earnings	**7,663**	5,874
Total member's equity	**13,280**	11,491
Total liabilities and member's equity	**$ 72,656**	$ 64,276

RiceCo, LLC
Statements of Income

For the years ended March 31, *(in thousands)*	**2017**	2016
Revenue, net	**$ 60,490**	$ 52,034
Cost of revenue	**53,145**	42,596
Gross profit	**7,345**	9,438
Selling, general and administrative expenses	**4,165**	5,671
Depreciation and amortization	**1,469**	1,424
Income from operations	**1,711**	2,343
Other income (expense)		
Interest and other income	**4**	14
Gain on disposition of assets	**116**	-
Interest expense	**(42)**	(122)
Total other expense	**78**	(108)
Net income	**$ 1,789**	$ 2,235

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

Statements of Changes in Member's Equity

(in thousands)	Contributed Member's Equity	Retained Earnings	Total
Balance, March 31, 2015	$ 5,617	$ 3,639	$ 9,256
Net income	-	2,235	2,235
Balance, March 31, 2016	5,617	5,874	11,491
Net income	-	1,789	1,789
Balance, March 31, 2017	**$ 5,617**	**$ 7,663**	**$ 13,280**

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

RiceCo, LLC
Statements of Cash Flows

For the years ended March 31,	**2017**	2016
(in thousands)		
Operating activities		
Net income	**$ 1,789**	$ 2,235
Adjustments to reconcile net income to net cash (used in) provided by operating activities		
Depreciation and amortization	**1,469**	1,424
Gain on disposal of assets	**(116)**	-
Change in operating assets and liabilities		
Trade accounts receivable	**6,381**	(17,157)
Accounts receivable - related parties	**(9,618)**	267
Due from related party	**1,790**	(1,790)
Inventories	**(5,396)**	(2,187)
Prepaid expenses and other	**(65)**	(17)
Trade accounts payable	**(269)**	278
Trade accounts payable - related parties	**16,096**	11,717
Accrued expenses	**1,270**	1,586
Due to related parties	**(3,197)**	1,016
Net cash provided by (used in) operating activities	**10,134**	(2,628)
Investing activities		
Purchases of property and equipment	**(5)**	(128)
Cost of intangible assets	**(424)**	(1,009)
Net cash used in investing activities	**$ (429)**	$ (1,137)

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

For the years ended March 31,	**2017**	2016
(in thousands)		
Financing activities		
Net borrowings (repayments) on line of credit	**$ (7,499)**	$ 7,499
Payments on notes payable	**(15)**	(486)
Advance from related parties	**-**	31,150
Repayments to related parties	**-**	(34,751)
Net cash (used in) provided by financing activities	**(7,514)**	3,412
Net change in cash and cash equivalents	**2,191**	(353)
Cash and cash equivalents, beginning of year	**4**	357
Cash and cash equivalents, end of year	**$ 2,195**	$ 4
Supplemental disclosure of cash flow information		
Cash paid for interest	**$ 73**	$ 120
Noncash investing and financing activities		
Vehicles acquired via assumption of long-term debt	**$ 205**	$ -

NOTE 1: ORGANIZATION

RiceCo, LLC (the "Company") was founded on May 5, 1997 as a limited liability company for the purpose of domestic distribution of Propanil and other rice-related products, including other crop protection products. The Company's primary scope of operations is in the Western and Mid-South United States. The Company's sole member is United Phosphorus Inc. ("UPI").

The Company's restated member agreement provides for an indefinite life of the Company unless terminated at an earlier date as provided for in the agreement; and the Member of the Company shall not be personally liable for all or any part of the debts or other obligations of the Company.

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.

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 revenues.

Cash Equivalents

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

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. 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 based on various promotional programs. At March 31, 2017 and 2016, there is no allowance for doubtful accounts as the Company considers all receivables to be collectible.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

The Company values its inventories at the lower of cost, determined by the weighted average cost method, or net realizable value. A valuation allowance is provided for obsolete and slow-moving inventory to write cost down to net realizable value (market), if necessary. Management determines the valuation allowance based on a review of the ability to sell or use inventory. Inventories at March 31, 2017 and 2016 consist of the following (in thousands):

March 31,	**2017**	2016
Raw materials	**$ 2,811**	$ 5,185
Finished goods	**11,288**	3,568
Packaging materials	**279**	229
	$ 14,378	$ 8,982

During the quarter ended June 30, 2016, the Company became aware of a quality issues related to a specific product sold during the quarter. At June 30, 2016, the Company recorded a provision for estimated returns of this product of $1.66 million. During the quarter ended September 30, 2016, actual returns were $2.98 million, net of discounts. As of March 31, 2017, the Company completed testing the product and will start rework of the product once the research and development specialist provides instructions to the toller. Management does not believe an impairment of the inventory is necessary as of March 31, 2017.

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, as follows:

Furniture, fixtures and equipment	3 – 5 years
Vehicles	3 years
Production equipment	3 years

Depreciation expense charged to operations for the years ended March 31, 2017 and 2016 totaled $249,052 and $254,089, respectively.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible Assets

The Company capitalizes costs associated with intellectual property and non-compete agreements and amortizes these costs on a straight line basis over five to fifteen years. These assets are included in intangibles and other assets on the accompanying balance sheets at March 31, 2017 and 2016.

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, 2017 and 2016, the Company's assessment of long-lived assets did not indicate 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, 2017 and 2016.

Advertising

Advertising costs are charged to operations when the advertising takes place. No direct response advertising is used by the Company. For the years ended March 31, 2017 and 2016, advertising expense totaled $22,105 and $8,081 respectively.

Audit Fees

For the years ended March 31, 2017 and 2016, audit fees totaled $60,204 and $111,774, respectively.

Income Taxes

The Company is a limited liability company and is not a tax paying entity for federal income tax purposes. Thus, no federal income tax provision has been recorded in the financial statements. The taxable income of the Company is included in the individual member's tax return. The Company is subject to income taxes in certain states and files a consolidated tax return is filed with UPI. During the years ended March 31, 2017 and 2016, no state tax was allocated to the Company by UPI; accordingly, no provision or liability for state income tax is recorded for the years ended March 31, 2017 and 2016.

Any uncertainties in income taxes are evaluated by UPI and uncertain tax positions, if any, are reflected in UPI's consolidated financial statements.

Rework Costs

Rework costs are dependent upon several factors including many not ascertained until the period after sale, thus making these accruals unreliable. Accordingly, the Company recognizes these expenses in the period incurred.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Considerations

The Company uses fair value to measure financial assets and liabilities and certain nonfinancial assets and liabilities measured or disclosed at fair value 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, payables and debt) are carried in the accompanying financial statements at amounts which reasonably approximate fair value.

Estimates

In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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 financial position of the Company primarily relate to the collectability of receivables, valuation of inventory, 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.

Subsequent Events

The Company has evaluated subsequent events through the date the financial statements were available for issuance on April 21, 2017. No matters were identified affecting the accompanying financial statements or related disclosures that have not been disclosed elsewhere.

NOTE 3: INTANGIBLE ASSETS

The Company has considered the nature of its intangible assets and concluded none had indefinite lives.

Intangible assets at March 31, 2017 and 2016 consist of the following (in thousands):

March 31,		**2017**		2016
Intellectual property	**$**	**23,692**	$	23,268
Non-compete agreement		**1,183**		1,183
		24,875		24,451
Less: accumulated amortization		**(22,021)**		(20,801)
Intangible assets, net	**$**	**2,854**	$	3,650

These assets are being amortized on a straight-line basis over five to fifteen years. For the years ended March 31, 2017 and 2016, amortization expense totaled $1,219,778 and $1,169,908, respectively.

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

For the year ending March 31,		
2018	$	1,025
2019		784
2020		512
2021		333
2022		200
	$	2,854

NOTE 4: CONCENTRATION OF CREDIT RISK

The Company maintains bank balances in separate accounts 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.

NOTE 4: CONCENTRATION OF CREDIT RISK (Continued)

The Company's customer base includes distributors of agricultural products. Trade accounts receivable at any point in time may be concentrated in a relatively small number of customer accounts. Certain accounts receivable are covered by credit insurance up to 90% of the outstanding balance. The Company performs ongoing credit evaluations as to the financial condition of its customers. Generally no collateral is required as condition of a sale. For the year ended March 31, 2017, one related party and four customers comprised 12% and 66% of total revenues and one related party and four customers represented 19% and 56% of trade accounts receivable at March 31, 2017. For the year ended March 31, 2016, five customers comprised 72% of total revenues and four customers represented 71% of trade accounts receivable at March 31, 2016.

For the year ended March 31, 2017, one related party 71% of total inventory purchases. At March 31, 2017, one related party comprised 89% of trade accounts payable. For the year ended March 31, 2016, one related party and one vendor comprised 65% and 11% of total inventory purchases. At March 31, 2016, one related party comprised 78% of trade accounts payable.

NOTE 5: REVOLVING LINE OF CREDIT

The Company had a revolving line of credit agreement with U.S. Bancorp Ag Credit, Inc. (the "Lender") which provided for a maximum line of credit of $35,000,000 through the maturity date of December 31, 2016, secured by accounts receivable and inventories. The line of credit beared an interest at the greater of prime less 1.25% or the Daily One Month London Interbank Offered Rate (LIBOR) plus 1.375% (2.25% at March 31, 2016). The Company did not renew the revolving line of credit agreement upon maturity.

NOTE 6: EMPLOYMENT AGREEMENT

Effective January 1, 2016, the Company entered into an employment agreement with an executive that expires in March 31, 2017. The agreement provides for a base salary, fringe benefits, and discretionary incentive pay based upon achieving certain performance parameters. As of March 31, 2017 and 2016, the Company has accrued costs of approximately $279,000 and $400,000, respectively, for the discretionary incentive pay.

As of March 31, 2017, the Company is in discussions with the executive on a new employment agreement.

NOTE 7: LONG-TERM DEBT

Long-term debt at March 31, 2017 and 2016 consists of the following (balances in thousands):

March 31,	**2017**	2016
Various vehicle notes payable to a financial institution, payable in total monthly installments of $3,953, bearing an interest rate of 5.79%, which maturities through December 2021, secured by vehicles	**$ 190**	$ -
Less: current maturities	**(37)**	-
Long-term debt	**$ 153**	$ -

The following is a summary of future minimum principal payments for the next five years:

For the year ending March 31,	
2018	$ 37
2019	40
2020	42
2021	44
2022	27
	$ 190

NOTE 8: RELATED PARTY TRANSACTIONS

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

Ultimate Holding Company	UPL LTD, India
Holding Company of Parent Company	UPL LTD, Europe
Parent Company	United Phosphorus Inc, USA.

NOTE 8: RELATED PARTY TRANSACTIONS (Continued)

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

Fellow Subsidiaries
United Phosphorus, Inc.
RiceCo International, Inc.
UPL Limited, Gibraltar
UPL Benelux
UPL Corporation, Limited

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

Receivables from affiliates

March 31,	**2017**	2016
RiceCo International, Inc.	**$ 9,997,909**	$ 2,170,011

Due to affiliates

March 31,	**2017**	2016
RiceCo International, Inc.	**$ 35,005,343**	$ 18,642,888
United Phosphorus Inc.	**$ 1,192,417**	$ 1,015,700
UPL Corporation, Limited	**$ 10,716**	$ -
UPL Limited, Gibraltar	**$ -**	$ 500,477

Loan from affiliates (Current):

March 31,	**2017**	2016
United Phosphorus, Inc. (short term, 2.56%)	**$ -**	$ 850,000
RiceCo International, Inc. (short term , 0.00%)	**$ 2,500,000**	$ 4,800,000

NOTE 8: RELATED PARTY TRANSACTIONS (Continued)

The following are the details of the transactions entered by the Company:

For the years ended March 31,			**2017**	2016
No	**Nature of transactions**	**Name of related party**		
1	Sales			
		RiceCo International, Inc.	**$ 8,820,594**	$ 1,404,693
2	Purchases			
		RiceCo International, Inc.	**$ 37,441,607**	$ 27,479,009
		United Phosphorus, Inc	**$ 60,045**	$ -
		UPL Limited, Gibraltar	**$ -**	$ 3,616,200
3	Interest expense	United Phosphorus, Inc	**$ -**	$ 4,027
4	Interest Income	United Phosphorus Inc.	**$ -**	$ 13,655
5	Loan given			
		United Phosphorus, Inc.	**$ -**	$ 21,500,000
6	Loan taken			
		United Phosphorus, Inc.	**$ -**	$ 850,000
		RiceCo International, Inc.	**$ 6,500,000**	$ 8,800,000
7	Repayment of loan given			
		United Phosphorus, Inc.	**$ -**	$ 21,500,000
8	Repayment of loan taken			
		United Phosphorus, Inc.	**$ 850,000**	$ 9,250,000
		RiceCo International, Inc.	**$ 8,800,000**	$ 4,000,000
9	Selling, general and administrative expense			
	Recharge	UPL Benelux	**$ -**	$ 16,772
	Recharge	UPL Limited, Gibraltar	**$ -**	$ 12,447
	Recharge	UPL Corporation, Limited	**$ 10,716**	$ -
	Recharge	RiceCo International, Inc	**$ (51,662)**	$ -
	Tax Charge, Insurance	United Phosphorus, Inc.	**$ 176,862**	$ -
10	Management fee			
		United Phoshorus, Inc	**$ 969,400**	$ 1,015,700
		RiceCo International, Inc.	**$ (2,436,199)**	$ (1,790,000)

NOTE 9: OPERATING LEASES

The Company is obligated under non-cancelable operating leases, expiring in various dates through June 2021, principally covering office space and equipment. Rental expense for the years ended March 31, 2017 and 2016, totaled $263,780 and $219,424, respectively.

Minimum future rental commitments under the leases are as follows (in thousands):

For the year ending March 31,		
2018	$	167
2019		126
2020		15
2021		15
2022		4
	$	327

NOTE 10: RETIREMENT PLAN

The Company sponsors a restated profit sharing thrift plan designed to conform to Internal Revenue Code Section 401(k) and to the requirements of ERISA. The plan, which covers all full-time employees, allows participants to contribute up to the maximum permitted by law, through salary reductions. The Company's contributions to the plan are based on a percentage of the participant's contributions, and the Company may make additional contributions to the plan at the discretion of the Board of Directors. For the years ended March 31, 2017 and 2016, Company contributions totaled $305,971 and $278,126, respectively.

NOTE 11: 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 would not be material to the financial condition or results of operations of the Company.

NOTE 12: EMPLOYEE HEADCOUNT

The number of employees as of March 31, 2017 and 2016 totaled 20 and 23, respectively.