Financial Statements
March 31, 2017 and 2016
Advanta U.S. Inc.

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Independent Auditor's Report

Management
Advanta U.S. Inc.
Dubai, UAE

Report on the Financial Statements
We have audited the accompanying financial statements of Advanta U.S. Inc., which comprise the balance sheets as of March 31, 2017 and 2016, and the related statements of operations, stockholder's equity (deficit), and cash flows for the year ended March 31, 2017 and fifteen month period ended March 31, 2016, 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 and in accordance with International Standards on Auditing. 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 opinions.

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Basis for Qualified Opinion on 2016 Statement of Operations
As described in Note 1 to the financial statements, the Company identified an error related to a bill and hold contract during the audit of the fifteen month period ended March 31, 2016 that effects amounts in prior periods as well as the fifteen month period ended March 31, 2016 presented herein. The Company has elected not to restate prior periods to be in conformity with its parent Company's accounting policies and in conformity with accounting principles generally accepted in India. These changes would have increased net income for the fifteen month period ended March 31, 2016 by $718,167. This error has no impact on retained earnings as of March 31, 2016.

As a result of this adjustment, in our opinion, these financial statements for the fifteen month period ended March 31, 2016 do not conform to generally accepted accounting principles in the United States of America.

Qualified Opinion on 2016 Statement of Operations
In our opinion, except for the effects on the 2016 statement of operations of the error related to a bill and hold contract described in the Basis for Qualified Opinion paragraph, the 2016 statement of operations referred to above present fairly, in all material respects, the results of operations of Advanta U.S. Inc. for the fifteen month period ended March 31, 2016 in accordance with accounting principles generally accepted in the United States of America.

Opinion
In our opinion, the balance sheets of Advanta U.S. Inc. as of March 31, 2017 and 2016, the statement of operations for the year ended March 31, 2017, and the statements of stockholder's equity (deficit), and cash flows for the year ended March 31, 2017 and fifteen month period ended March 31, 2016, present fairly, in all material respects, the financial position of Advanta U.S. Inc. as of March 31, 2017 and 2016, the results of its operations for the year ended March 31, 2017, and its cash flows for the year ended March 31, 2017 and fifteen month period ended March 31, 2016 in accordance with accounting principles generally accepted in the United States of America.

Correction of Errors
As discussed in Note 16, management has elected to restate certain amounts previously reported for goodwill and amounts previously not reported for deferred tax as of March 31, 2016 to conform with auditing standards generally accepted in the United States of America that were previously recorded to conform with accounting principles generally accepted in India. Accordingly, amounts presented for goodwill and deferred tax have been restated in the March 31, 2016 financial statements now presented, and an adjustment has been made to retained earnings as of March 31, 2016 to correct the error.

Management has also elected to restate certain amounts related to inventory and accounts payable that were not recorded as of March 31, 2016. Accordingly, amounts presented for inventory and accounts payable have been restated in the March 31, 2016 financial statements now presented to correct the error.

Our opinion is not modified with respect to these matters.

Eide Bailly LLP

Fargo, North Dakota
April 24, 2017

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	2017	(Restated) 2016
Assets		
Current Assets		
Cash	$ 1,574,403	$ 298,793
Receivables		
Trade, net of allowance for doubtful accounts and sales returns of $590,817 in 2017 and $57,363 in 2016	4,128,565	11,782,126
Related party	10,287,731	7,118,394
Income tax	53,905	158,222
Inventory	18,858,518	27,474,125
Prepaid expenses	133,039	119,613
Deferred tax asset	3,966,000	1,722,000
Total current assets	39,002,161	48,673,273
Property and Equipment	6,902,403	5,558,350
Less: accumulated depreciation	(2,632,537)	(2,147,074)
Assets Held for Resale	555,153	555,153
Total property, equipment and assets held for resale	4,825,019	3,966,429
Deferred tax asset - long term	3,450,000	-
Other Assets		
Intangible assets, net of accumulated amortization	13,335,393	13,532,090
	$ 60,612,573	$ 66,171,792

See Notes to Financial Statements

	2017	(Restated) 2016
Liabilities and Stockholder's Equity (Deficit)		
Current Liabilities		
Checks issued in excess of bank balance	$ -	$ 150,865
Line of credit	25,000,000	20,123,361
Accounts payable	8,137,207	10,491,301
Accrued expenses	768,431	859,226
Deferred revenue	1,828,353	708,380
Related party payables	8,450,058	4,206,777
Total current liabilities	44,184,049	36,539,910
Deferred tax liability	-	776,000
Related Party Long Term Note Payable	20,619,992	20,219,992
Total liabilities	64,804,041	57,535,902
Commitments and Contingencies - Note 14		
Stockholder's Equity (Deficit)		
Common stock, $1 par value, 1,000,000 shares authorized; 1,000 shares issued and outstanding	1,000	1,000
Additional paid in capital	3,999,000	3,999,000
Retained earnings (deficit)	(8,191,468)	4,635,890
Total stockholder's equity (deficit)	(4,191,468)	8,635,890
	$ 60,612,573	$ 66,171,792

	2017	2016
Sales		
Product	$ 16,083,402	$ 24,699,273
Service	194,067	1,118,100
Trading	-	4,566,830
Total sales	16,277,469	30,384,203
Cost of Sales		
Product and Service	11,526,736	13,326,427
Trading	-	1,115,600
Inventory reserve	3,433,555	-
Total cost of sales	14,960,291	14,442,027
Gross Profit	1,317,178	15,942,176
Operating Expenses	13,245,196	15,913,155
Research and Development	1,341,000	1,533,000
Severance Expense	327,226	201,000
Inventory write off	2,691,820	-
Total expenses	17,605,242	17,647,155
Loss from Operations	(16,288,064)	(1,704,979)
Other Income (Expense)		
Interest income on bank balance	61	108
Gain (loss) on sale of fixed assets	6,596	(30,782)
Finance charges on receivable balances	26,075	-
Miscellaneous income	9,466	368,831
Interest expense - related party	(2,668,063)	(2,571,409)
Interest expense	(445,429)	(961,120)
Loss Before Income Taxes	(19,359,358)	(4,899,351)
Benefit from Income Taxes	(6,532,000)	(1,565,000)
Net Loss	$ (12,827,358)	$ (3,334,351)

	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Total
Balance, December 31, 2014 (Restated)	$ 1,000	$ 3,999,000	$ 7,970,241	$ 11,970,241
Net loss	-	-	(3,334,351)	(3,334,351)
Balance, March 31, 2016 (Restated)	1,000	3,999,000	4,635,890	8,635,890
Net loss	-	-	(12,827,358)	(12,827,358)
Balance, March 31, 2017	$ 1,000	$ 3,999,000	$ (8,191,468)	$ (4,191,468)

	2017	2016
Operating Activities		
Net loss	$ (12,827,358)	$ (3,334,351)
Charges and credits to net loss not affecting cash		
Depreciation and amortization	678,623	724,080
Deferred taxes	(6,470,000)	(1,522,000)
Gain on sale of assets	(6,596)	(4,010)
Loss on sale of assets held for resale	-	34,792
Allowance for doubtful accounts and sales returns	533,454	-
Inventory reserve	4,724,702	-
Changes in assets and liabilities		
Accounts receivable	3,950,770	675,389
Income tax receivable	104,317	(117,423)
Inventory	3,890,905	1,545,531
Prepaid expenses	(13,426)	(119,729)
Accounts payable	(2,354,094)	(2,082,471)
Accrued expenses	(90,795)	(1,832,433)
Deferred revenue	1,119,973	(207,982)
Related party accounts payable	4,243,281	4,088,565
Net Cash used for Operating Activities	(2,516,244)	(2,152,042)
Investing Activities		
Purchase of property and equipment	(1,345,822)	(431,961)
Proceeds from sale of equipment	11,902	3,849
Proceeds from sale of assets held for resale	-	13,888
Net Cash used for Investing Activities	(1,333,920)	(414,224)
Financing Activities		
Net change on revolving line of credit	4,876,639	(209,527)
Checks issued in excess of bank balance	(150,865)	(563,604)
Proceeds on related party long term note payable	400,000	3,600,000
Net Cash from Financing Activities	5,125,774	2,826,869
Net Change in Cash	1,275,610	260,603
Cash, Beginning of Year	298,793	38,190
Cash, End of Year	$ 1,574,403	$ 298,793
Supplemental Disclosures of Cash Flow Information		
Cash payments for interest	$ 746,817	$ 961,121
Cash payments for income taxes	$ 54,590	$ 74,424

Note 1 - Principal Activity and Significant Accounting Policies

Principal Business Activity

Advanta U.S. Inc., a Delaware corporation, (the Company) was organized in 2007 and capitalized during 2008. The Company is principally engaged in the breeding and wholesaling of sorghum and sunflower seed in the United States. The Company has operations in Hereford, TX, Amarillo, TX, Irving, TX and College Station, TX and employees 52 individuals as of March 31, 2017. The Company has a fiscal year end of March 31, to conform to its parent company's accounting practices and year end reporting.

Preparation of Financial Statements

The financial statements of the Company have been prepared on the accrual basis of accounting.

Receivables and Credit Policy

Trade receivables are uncollateralized customer obligations due under normal trade terms requiring payment with a set date from the invoice date. Trade receivables are stated at the amount billed to the customer. The Company charges interest on overdue customer account balances at a rate of 12% annually. Payments on trade receivables are applied to specific unpaid invoices.

The Company estimates an allowance for doubtful accounts based upon an evaluation of the current status of receivables, historical experience, and other factors as necessary. It is reasonably possible that the Company's estimate of the allowance for doubtful accounts will change.

Inventories

The method of valuation of various categories of inventories is as follows:

Raw materials are stated at lower of cost or market. Cost is determined on a specific identification basis and production costs of the related crops are valued on a standard cost basis that approximates the first-in, first-out method. These standards are reviewed regularly and adjusted for significant variances.

Stores and spares, consumables and packaging materials are stated at lower of cost or market. Cost is determined on a standard cost basis that approximates the first-in, first-out method. These standards are reviewed regularly and adjusted for significant variances.

Work-in-process and finished goods are stated at lower of cost or market. Work in process comprises of material cost and applicable overheads. In the case of finished goods, the cost comprises of material cost, direct labor and production overheads of the related crops. Cost is determined on a standard cost basis that approximates the first-in, first-out method.

Market value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Property and Equipment

Property and equipment are stated at cost. Additions, renewals, and betterments are capitalized, whereas expenditures for maintenance and repairs are charged to expense. The cost and related accumulated depreciation of assets retired or sold are removed from the appropriate asset and depreciation accounts and the resulting gain or loss is reflected in income. An impairment charge is measured by any deficiency in the amount of estimated fair value over the net book value of the asset.

Depreciation is provided using the straight-line method, based on useful lives of the assets which range from three to thirty years.

The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment there was no impairment at March 31, 2017 and 2016.

Assets Held for Resale

As of March 31, 2017 and 2016, the Company is actively pursuing the sale of the property and equipment located in Crosbyton, TX. The net book value of these assets have been presented as held for resale as of March 31, 2017 and 2016.

Goodwill

Goodwill represents costs in excess of purchase price over the fair value of the assets of businesses acquired, including other identifiable intangible assets.

Goodwill is not amortized, rather potential impairment is considered on an annual basis, or more frequently upon the occurrence of an event or when circumstances indicate that the amount of goodwill is greater than its fair value. As of March 31, 2017 and 2016, the carrying value of the Company’s goodwill was not considered impaired.

Intangible Assets

Intangible assets with finite life consist of licensing agreements, and are carried at cost less accumulated amortization. The Company amortizes the cost of identifiable intangible assets on a straight-line basis over the expected period of benefit, which range from ten to fifteen years.

Concentration of Credit Risk

The Company has concentration of credit risk related to cash, accounts receivable and prepaid expenses. The Company grants credit and sells product to customers from the United States and overseas markets. The Company is also at risk for funds on deposit at financial institutions which are in excess of FDIC insurance limits.

Advertising

Advertising costs are expensed as incurred. Advertising expense totaled $585,995 for the year ended March 31, 2017 and $1,823,228 for the fifteen months ended March 31, 2016.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Revenue is generally recognized when title to and risk of loss on finished product passes to the customer. Revenue is recognized as the net amount to be received after deducting estimated amounts for discount, trade allowances, and product returns.

In certain circumstances, upon the customer's written request, the Company may recognize revenue when production is complete and the good is ready for shipment. At the buyer's request, the Company will bill the buyer upon completing all performance obligations, but before shipment. The buyer dictates that we ship the goods per their direction from our processing facility, as it is customary with this type of agreement, in order to minimize shipping costs. The written agreement with the customer specifies that the goods will be delivered on a schedule to be determined by the customer, with a final specified delivery date, and that we will segregate the goods from our inventory, such that they are not available to fill other orders. This agreement also specifies that the buyer is required to purchase all goods manufactured under this agreement. Title of the goods will pass to the buyer when the goods are complete and ready for shipment, per the customer agreement. At the transfer of title, all risks of ownership have passed to the buyer, and the buyer agrees to maintain insurance on the manufactured items that have not yet been shipped. The company has operated using bill and hold agreements with certain customers for many years. The credit terms on this agreement are consistent with the credit terms on all other sales. All risks of loss are shouldered by the buyer, and there are no exceptions to the buyer's commitment to accept and pay for these manufactured goods. Revenues recognized at the completion of production during the year ended March 31, 2017 and the fifteen month period ended March 31, 2016 were approximately $0 and $5,653,000, respectively.

Research and Development

The Company charges research and development costs to operations as they are incurred. During the year ended March 31, 2017 and the fifteen month period ended March 31, 2016, $1,341,000 and $1,533,000 was charged to operations, respectively.

Shipping and Handling Costs

Shipping and handling costs are included in the cost of product sold upon shipment of the Company's product and handling costs are recorded in revenue.

Deferred Revenue

As of March 31, 2017 and 2016, the Company recorded deferred revenue of $1,828,353 and $708,380, respectively. Revenue is recognized as title transfers, which typically occurs when goods are shipped. Amounts received in advance are deferred and recognized when earned.

Gratuity and Leave

The Company's time off policy states that vacation time granted must be used in the year granted or it will be paid out before the end of the year up to 50% of the unused balance.

Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Operations on a straight-line basis over the lease term.

Provisions

A provision is recognized when the Company has a present obligation as a result of a past event, it is probably that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the Company's best estimate.

Borrowing Costs

All borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Contingent Liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company, or a present obligation that is not recognized because it is not probably that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. There are no such liabilities as of March 31, 2017 and 2016.

Income Taxes

Income taxes are provided for the tax effects of transactions reporting in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of receivables, inventory, property and equipment, intangible assets, accrued expenses and operating loss carryforwards for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of March 31, 2017 and 2016, the unrecognized tax benefits accrual was zero. The Company will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

Departure from Generally Accepted Accounting Principles

During the fifteen month period ended March 31, 2016, the Company has identified an error related to a bill and hold contract during the current period under audit that effects amounts previously recorded in prior periods as well as amounts in the fifteen month period audit ended March 31, 2016. The Company has elected not to restate prior periods to be in conformity with its parent Company's accounting policies and in conformity with accounting principles generally accepted in India. These changes would have increased net income by $718,167 for the fifteen month period ended March 31, 2016. The changes have no impact on retained earnings as of March 31, 2016.

This policy does not conform to generally accepted accounting principles in the United States of America.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on net income or stockholders' equity (deficit).

Subsequent Events

The Company has evaluated subsequent events through April 24, 2017, the date which the financial statements were available to be issued.

Note 2 - Inventory

Following are the details of inventory the Company holds at March 31, 2017 and 2016:

	2017	(Restated) 2016
Commercial seed inventory - Raw	$ 16,480,655	$ 18,237,118
Commercial seed inventory - Finished	2,760,181	3,163,440
Chemicals	1,828,496	2,921,256
Bags and pallets	414,086	382,503
Work in process	118,423	774,260
Seedstock inventory	1,981,379	1,995,548
Reserve for obsolescence	(4,724,702)	-
	$ 18,858,518	$ 27,474,125

Due to excessive drought, disease attack, and infestation of the Sugar Cane Aphid on sorghum crops, the market for a particular hybrid has led to a significant sorghum market shrinkage. Net inventory write-offs related to these conditions equaled $2,691,820 for the year ended March 31, 2017. The write off is not as per normal business conditions and are exceptional in nature.

Note 3 - Property and Equipment

Following are the details and activity related to property and equipment for the year ended March 31, 2017:

	Land	Buildings and Leasehold Improvements	Machinery and Equipment	Office Equipment	Transportation Equipment	Construction in Process	Total
Balance, April 1, 2016	$ 292,726	$ 2,775,161	$ 2,285,617	$ 85,674	$ 36,374	$ 82,797	$ 5,558,349
Additions	-	43,537	762,867	90,816	-	448,473	1,345,693
Reclassification	-	-	-	-	-	-	-
Disposals	-	-	-	-	(1,639)	-	(1,639)
Balance, March 31, 2017	292,726	2,818,698	3,048,484	176,490	34,735	531,270	6,902,403
Accumulated Depreciation							
April 1, 2016	-	596,604	1,457,232	60,445	23,792	-	2,138,073
Additions	-	183,179	277,000	41,210	2,500	-	503,889
Disposals	-	-	-	-	(9,425)	-	(9,425)
Balance, March 31, 2017	-	779,783	1,734,232	101,655	16,867	-	2,632,537
Impairments							
Losses	-	-	-	-	-	-	-
Net asset	$ 292,726	$ 2,038,915	$ 1,314,252	$ 74,835	$ 17,868	$ 531,270	$ 4,269,866

Following are the details and activity related to property and equipment for the fifteen month period ended March 31, 2016

	Land	Buildings and Leasehold Improvements	Machinery and Equipment	Office Equipment	Transportation Equipment	Construction in Process	Total
Balance, January 1, 2015	$ 292,726	$ 2,775,161	$ 1,611,493	$ 85,674	$ 57,800	$ 330,334	$ 5,153,188
Additions	-	-	237,541	-	5,375	189,046	431,962
Reclassification	-	-	436,583	-	-	(436,583)	-
Disposals	-	-	-	-	(26,800)	-	(26,800)
Balance, March 31, 2016	292,726	2,775,161	2,285,617	85,674	36,375	82,797	5,558,350
Accumulated Depreciation							
January 1, 2015	-	446,837	1,142,629	48,559	57,800	-	1,695,825
Additions	-	149,928	314,603	11,886	1,793	-	478,210
Disposals	-	(161)	-	-	(26,800)	-	(26,961)
Balance, March 31, 2016	-	596,604	1,457,232	60,445	32,793	-	2,147,074
Impairments							
Losses	-	-	-	-	-	-	-
Net asset	$ 292,726	$ 2,178,557	$ 828,385	$ 25,229	$ 3,582	$ 82,797	$ 3,411,276

Depreciation expense was $503,889 and $478,210 for the year ended March 31, 2017 and the fifteen month period ended March 31, 2016, respectively.

The Company has committed to the construction of a research center at College Station, TX, with anticipated total costs of approximately $951,820. As of March 31, 2017, $531,820 has been incurred and presented in construction in process. The project is expected to be completed in 2017.

The Company uses straight-line methods in compiling depreciation over the following estimated useful lives:

Buildings and leasehold improvements	5-30 years
Machinery and equipment	10 years
Transportation equipment	5 years
Office equipment	3-5 years

Note 4 - Intangible Assets

Following are the details and activity related to intangible assets for the year ended March 31, 2017:

	Goodwill	Other Intangibles	Total
Balance, April 1, 2016 (Restated)	$ 12,787,493	$ 2,058,544	$ 14,846,037
Additions	-	-	-
Disposals	-	-	-
Balance, March 31, 2017	12,787,493	2,058,544	14,846,037
Accumulated Amortization			
April 1, 2016	-	1,313,947	1,313,947
Additions	-	196,697	196,697
Disposals	-	-	-
Balance, March 31, 2017	-	1,510,644	1,510,644
Impairments			
Losses	-	-	-
Net asset	$ 12,787,493	$ 547,900	$ 13,335,393

Estimated future amortization expense related to these intangible assets is as follows:

2018	$ 196,696
2019	196,696
2020	154,508
	$ 547,900

Following are the details and activity related to intangible assets for the fifteen month period ended March 31, 2016:

	Goodwill	Other Intangibles	Total
Balance, January 1, 2015 (Restated)	$ 12,787,493	$ 2,058,544	$ 14,846,037
Additions	-	-	-
Disposals	-	-	-
Balance, March 31, 2016 (Restated)	12,787,493	2,058,544	14,846,037
Accumulated Amortization			
January 1, 2015	-	1,068,076	1,068,076
Additions	-	245,871	245,871
Disposals	-	-	-
Balance, March 31, 2016	-	1,313,947	1,313,947
Impairments			
Losses	-	-	-
Net asset	$ 12,787,493	$ 744,597	$ 13,532,090

Amortization expense of $196,697 and $245,871 was charged to operations for year ended March 31, 2017 and the fifteen month period ended March 31, 2016, respectively. All intangible assets have an estimated life of ten years, except goodwill, which is not amortized in accordance with *Codification 350 Intangibles – Goodwill and Other*.

Note 5 - Related Party Long-Term Debt and Notes Payable

At March 31, 2017 and 2016, the Company has a $1,619,992 long-term note payable with a related party. This note is unsecured and bears interest rate at 5.5% above the six-month LIBOR rate, currently at 6.88% with no specific payment terms, payments are based on cash flow position.

At March 31, 2017 and 2016, the Company has a $15,000,000 long-term note payable with a related party. This note is unsecured and bears interest at a rate of 11% with no specific payment terms, payments are based on cash flow position.

At March 31, 2017 and March 31, 2016, the Company has a $4,000,000 and $3,600,000, long-term note payable with a related party, respectively. The notes are unsecured and bears interest at a rate of 11% with no specific payment terms, payments are based on cash flow positions and at mutual agreements of parties.

The related party notes above have all been classified on the accompanying balance sheet as long-term, as no payments are expected in fiscal year 2018.

Note 6 - Line of Credit and Notes Payable

The company has a short-term operating credit facility totaling $25,000,000 with United Phosphorus Inc., a related party. This line was used to pay off the Line of Credit with Farm Credit Services (FCS) on August 1, 2016. Advances are made against a borrowing base consisting of mainly inventory and accounts receivable. The Company's borrowing base as of March 31, 2017 equaled approximately $25,000,000. The line of credit bears interest at 200 basis points over the six-month LIBOR rate, currently 3.34% as of March 31, 2017. Interest expense related to the lines of credit equaled $892,840 and $961,120 for the year ended March 31, 2017 and fifteen month period ended March 31, 2016, respectively. The credit line is secured by substantially all Company assets and shall remain in force until the expiration of one month after written notice terminating the agreement. The Company is also subject to maintain covenants related to collateral security on assets and the furnishing of audited financial statements. The balance of the line with FCS was $20,123,361 as of March 31, 2016.

Note 7 - Current Liabilities

Following are the details of current liabilities of the Company as of March 31, 2017 and 2016:

	2017	(Restated) 2016
Accounts payable - trade	$ 8,137,207	$ 10,491,301
Accrued expenses	$ 768,431	$ 859,226
Related party payables		
Accrued management fee	$ 1,687,500	$ 937,500
Accounts payable	1,824,474	697,868
Accrued interest	4,938,084	2,571,409
Total	$ 8,450,058	$ 4,206,777

Note 8 - Income Taxes

Deferred tax assets and liabilities consist of the following components as follows:

	2017	(Restated) 2016
Deferred tax assets		
Inventory capitalization	$ 456,000	$ 596,000
Allowance for doubtful accounts	81,000	18,000
Inventory allowance	1,606,000	-
Accrued interest	1,679,000	797,000
Accrued management fees	-	291,000
Accrued bonus	73,000	-
Research and development credit	71,000	20,000
Net operating loss	5,679,000	1,035,000
Deferred tax liability		
Property, equipment and intangibles, net	(2,229,000)	(1,811,000)
	$ 7,416,000	$ 946,000

The Company has available unused net operating loss carryforwards that expire in 2038.

Net deferred tax assets and liabilities are presented in the accompanying balance sheets as follows:

	2017	(Restated) 2016
Current asset	$ 3,966,000	$ 1,722,000
Noncurrent asset (liability)	3,450,000	(776,000)
	$ 7,416,000	$ 946,000

The income tax provision for 2017 and 2016 is comprised of the following:

	2017	2016
Current tax benefit	$ (62,000)	$ (1,565,000)
Deferred - change in timing differences	(6,470,000)	-
Benefit from income taxes	$ (6,532,000)	$ (1,565,000)

The income tax recoverable (payable) as of March 31, 2017 and 2016 is comprised as follows:

	2017	2016
Income tax payments, net	$ (8,095)	$ (1,406,778)
Current receivable	62,000	1,565,000
Net income tax recoverable	$ 53,905	$ 158,222

Income tax provision differs from the amount of income tax determined by applying the U.S. federal income rate of thirty-four percent to pretax loss for the year ended March 31, 2017 and the fifteen month period ended March 31, 2016 is as follows:

	2017	2016
Expected federal tax expense (34% expected rate)	$ (6,582,000)	$ (1,666,000)
Increase in income taxes resulting from		
Non-deductible expenses	14,000	7,000
Prior year differences from estimated to actual tax	21,000	23,000
Other	15,000	71,000
	$ (6,532,000)	$ (1,565,000)
Effective Tax Rate	33.7%	31.9%

Note 9 - Operating Lease Commitments

The following is a schedule of the future minimum payments required under operating leases entered into by the Company.

Years Ending March 31,	Amount
2018	$ 500,713
2019	350,978
2020	265,628
2021	268,708
2022	93,372
	$ 1,479,399

The Company also has other leases that consist of short-term rentals with non-related parties. Rent and lease expense totaled $631,597 and $597,482 for the year ended March 31, 2017 and the fifteen month ended March 31, 2016, respectively.

Note 10 - Employee Benefit Plan

The Company has a safe harbor 401(k) plan covering all of their employees who have elected to participate. The Company matches employee deferrals 100% on the first 3%, and .5% after that up to 5% of eligible compensation per calendar year. The Company contributed $78,695 and $140,033 for the year ended March 31, 2017 and the fifteen month period ended March 31, 2016, respectively.

Note 11 - Related Party Transactions

The Company is a wholly owned subsidiary of Advanta Holdings B.V. which is a subsidiary of Advanta, Limited. Transactions and balances with related parties are as follows:

	2017	2016
Advanta Holdings B.V. - Note 5		
Long term note payable - beginning balance	$ 16,619,922	$ 16,619,922
Long term note - funding	-	-
Long term note payable - payment	-	-
W.C. Note Payable - beginning balance	-	-
W.C. Note Payable - funding	-	-
W.C. Note Payable - payments	-	-
Accrued interest - 2013	-	-
Accrued interest - 2014	-	-
Accrued interest - 2015	1,745,580	1,745,580
Accrued interest - 2016	435,200	435,200
Accrued interest - 2017	1,741,054	-
Interest Payment	-	-
Accrued interest payable - ending balance	3,921,834	2,180,780
Pacific Seeds (sister company - Australia) - Note 5		
Accounts payable - beginning balance	-	4,431
Accounts payable - invoices	-	-
Accounts payable - payment	-	(4,431)
Accounts payable - ending balance	-	-
Pacific Seeds (sister company - Thailand)		
Sales to	124,920	-
Payments received	(124,920)	-
Accounts receivable - ending balance	-	-
Advanta Sementes		
Accounts receivable beginning balance	1,701,504	1,158,504
Sales - current year	2,042,746	543,000
Accounts receivable - ending balance	3,744,250	1,701,504

	2017	2016
Advanta Seed International (sister company)		
W.C. note payable - beginning balance	$ 3,600,000	$ -
W.C. note payable - funding	400,000	3,600,000
W.C. note payable - payment	-	-
W.C. note payable - ending balance	4,000,000	-
Accounts receivable beginning balance - Recharges	-	334,153
Recharges - current year	-	-
Recharges - payments current year	-	(334,153)
Accounts receivable - beginning balance - storage	-	-
Storage charges - current year	-	-
Storage charges - payments current year	-	-
Accounts receivable - beginning balance	657,199	1,332,710
Sales to - current year	1,593,673	836,721
A/R - Intercompany Charge - Legal Fees	21,123	-
Receipts from - current year	(689,365)	(1,512,232)
Accounts receivable - ending balance	1,582,630	657,199
Accrued management fee payable - 2014	-	-
Management Fee Payments	-	-
Accrued interest - 2016	386,546	386,546
Accrued interest - 2017	408,472	-
Accrued interest payable - ending balance	795,018	386,546
Accounts payable - beginning balance	-	13,068
Accounts payable - payments	-	(13,068)
Accounts payable - invoices	-	-
Accounts payable - ending balance	-	-
Advanta Semillas (sister company)		
Accounts payable - beginning balance	-	-
Accounts payable - Biotech charges	-	-
Accounts payable - purchases from	670,025	37,079
Accounts payable - payments	(25,393)	(37,079)
Accounts payable - ending balance	644,632	-
Accounts receivable - beginning balance	46,873	1,113,560
Accounts receivable - Douglas machine receivable	-	557,000
Receipts from - current year	(46,873)	(1,623,687)
Accounts receivable - ending balance	-	46,873
Advanta Netherlands Holdings BV		
Accounts payable - beginning balance	100,713	100,713
Accounts payable - purchases from	-	-
Accounts payable - payments	(100,713)	-
Accounts payable - ending balance	-	100,713
Accounts receivable - beginning balance	425,768	163,821
Accounts receivable - sales	296,628	261,947
Accounts receivable - receipts from	(425,769)	-
Accounts receivable - ending balance	296,627	425,768

	2017	2016
Advanta UPI (Wes Daughtry)		
Notes payable - beginning balance	-	-
Notes payable - funding received	25,000,000	-
Notes payable - payments	-	-
Ending Note Balance - 2017	25,000,000	-
Accrued interest payable - beginning balance	-	-
Interest expense - 2017	520,139	-
Interest payment - 2017	(301,389)	-
Accrued interest payable - ending balance	218,750	-
Advanta Seeds DMCC		
Accounts receivable - beginning balance	-	-
Accounts receivable - invoices	867,124	-
Accounts receivable - fixed OH	760,000	-
Accounts receivable - payment	-	-
Accounts receivable - ending balance	1,627,124	-
Accrued management fee payable - beginning balance	937,500	-
Management fee	750,000	937,500
Accrued management fee payable - ending balance	1,687,500	937,500
Management Fee Payments	-	-
Accounts payable - Biotech beginning balance	597,155	-
Accounts payable - Biotech charges	477,723	597,155
Accounts payable - biotech payments	-	-
Accounts payable - biotech ending balance	1,074,878	597,155
UPL Corporation Limited		
Accounts receivable - beginning balance	3,037,100	-
Accounts receivable - invoices	-	3,037,100
Accounts receivable - payment	-	-
Accounts receivable - ending balance	3,037,100	3,037,100
Accounts payable - beginning balance	-	-
UPL Limited, India		
Accounts payable - purchases from	104,964	-
Accounts payable - ending balance	104,964	-

In addition to the transactions above with its parent and sister companies the Company had the following transactions with UPL Corporation Limited and UPL Agro S.A. de C.V., Companies related through common ownership. During the fifteen month period ended March 31, 2016, the Company had sales of $3,077,640 to UPL Corporation Limited. During the year ended March 31, 2017 there was a transfer from UPL Corporation Limited to UPL Agro S.A.de C.V. for a reprint of UPL Agro S.A. de C.V. bags of $40,496. As of March 31, 2017 and 2016, the Company had trade accounts receivable of $3,037,100 from UPL Corporation Limited. As of March 31, 2016, the Company had receivables of $1,209,410 from UPL Agro S.A. de C.V.

Note 12 - Accounts Receivable

Following are the details of accounts receivable balance of the Company at March 31, 2017 and March 31, 2016:

	2017	2016
Debts outstanding for a period exceeding six months:		
Secured, considered good	$ -	$ -
Unsecured, considered good	10,450,370	7,173,919
Unsecured, considered doubtful	237,363	57,363
Other debts		
Secured, considered good	-	-
Unsecured, considered good	4,319,380	11,726,601
Less: Provision for doubtful debts and sales returns	(590,817)	(57,363)
Closing	$ 14,416,296	$ 18,900,520

Note 13 - Major Customers

The Company derived approximately 13 percent of net revenue from customer A, a related party (Note 11) during the year ended March 31, 2017. Net revenues from customer A totaled approximately $2,042,746 for the year ended March 31, 2017. Accounts receivable due from customer A totaled $3,744,250 as of March 31, 2017.

Note 14 - Commitments and Contingencies

During 2014 the Company has entered into an agreement with a Company for the resale and distribution of branded seed corn. It is a ten year agreement expiring on August 31, 2024, in which they must exclusively sell certain brands during the first 5 years, and are committed to minimum sales percentages during the remainder of the contract. Under the terms of the agreement the Company is committed to purchases throughout the contract ranging from 20,000 units up to 50,000 units annually for the first 5 years. Products sold under this agreement shall be no less than the following of total corn seed sales: Crop Year 6, 80%; Crop Year 7, 60%; Crop Year 8, 40%; Crop Year 9, 20%. As of March 31, 2017 the effects of these commitments is unknown.

Note 15 - Self-Funded Health Insurance Plan

During fiscal year 2017, the Company opted to switch to a self-insured group medical plan. Contributions to the plan come from the employees and employer. Claims are paid from the fund on a claims-made basis. A stop-loss policy, which is covered by premiums collected, is in force to pay claims over $25,000 per employee or employee dependent per year. Claims paid by this plan totaled $200,600 for the year ended March 31, 2017.

Note 16 - Correction of Errors

During fiscal year 2017, Management elected to record certain amounts and restate previously issued financial statements related to the Company's accounting for a business combination in the prior years to conform to generally accepted accounting principles in the United States of America. The Company's previous financial statements noted a departure from generally accepted accounting principles in the United States of America. The company's previous audited financial statements capitalized $443,173 in acquisition costs and reclassified $750,000 related to covenants not to compete as goodwill, to be in conformity with its parent Company's accounting policies and in conformity with accounting principles generally accepted in India. The amounts above in combination with a deferred tax asset created as a result of the departure resulted in a net change to retained earnings of $823,289.

Management has also elected to restate certain amounts related to inventory and accounts payable that were not recorded as of March 31, 2016. The Company did not record $2,350,350 in chemical inventory and accounts payable as of March 31, 2016. Accordingly, amounts presented for inventory and accounts payable have been restated in the March 31, 2016 financial statements.

The following is a summary of amounts that have been restated from what was previously reported:

	As Previously Reported	Adjustment	As Restated
As of March 31, 2016			
Intangible assets, net	$ 14,725,263	$ (1,193,173)	$ 13,532,090
Inventory	25,123,775	2,350,350	27,474,125
Total current assets	46,322,923	2,350,350	48,673,273
Total Assets	65,014,731	1,157,061	66,171,792
Accounts payable	8,140,951	2,350,350	10,491,301
Deferred tax liability	1,146,000	(370,000)	776,000
Total current liabilities	34,189,560	2,350,350	36,539,910
Total Liabilities	55,555,552	1,980,350	57,535,902
Total Stockholder's equity	9,459,179	(823,289)	8,635,890
Total Liabilities and Stockholder's Equity	65,014,731	1,157,061	66,171,792

Note 17 - Going Concern Consideration

The Company has continued to experience decreased sales, recurring financial operating losses, negative cash flows and a depletion of equity. The Company has assessed its ability to continue as a going concern and consider how substantial doubt has been alleviated. Based on discussions with related parties, specifically the parent Company, Management's current plans to satisfy obligations as they arise which has also been indicative of previous funding requests will involve future borrowings from those parties as cash flow needs arise.