Parry America, Inc.

Financial Statements
Years Ended March 31, 2017 and 2016

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Contents

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Independent Auditor's Report

To Management
Parry America, Inc.
Irving, Texas

We have audited the accompanying financial statements of Parry America, Inc., which comprise the balance sheets as of March 31, 2017 and 2016, and the related statements of income and retained earnings, 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 Parry America, Inc. 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.

BDO USA, LLP

BDO USA, LLP
Certified Public Accountants
April 14, 2017

Financial Statements

Parry America, Inc.

Balance Sheets

March 31,	**2017**	2016
Assets		
Current:		
Cash	**$ 665,364**	$ 480,697
Accounts receivable - trade	**2,334,992**	2,884,408
Accounts receivable - related party	**7,570**	–
Inventories	**1,908,092**	1,744,241
Prepaid expenses	**34,624**	41,623
Interest receivable - related party	**–**	3,280
Notes receivable - related party, current portion	**–**	643,660
Total current assets	**4,950,642**	5,797,909
Notes receivable - related party	**555,255**	–
Property and equipment, at cost:		
Office equipment	**9,864**	9,864
Vehicle	**42,500**	42,500
	52,364	52,364
Less: accumulated depreciation	**(48,238)**	(38,529)
Total property and equipment, net	**4,126**	13,835
	$ 5,510,023	$ 5,811,744
Liabilities and Stockholder's Equity		
Current liabilities:		
Accounts payable	**$ 5,128**	$ 27,177
Accounts payable - related party	**2,662,586**	2,478,283
Accrued expenses	**272,745**	219,882
Income tax payable	**186,773**	86,403
Line of credit	**–**	843,850
Total current liabilities	**3,127,232**	3,655,595
Stockholder's equity:		
Common stock, $100 par value, 1,500 shares authorized, 776.48 shares issued and outstanding	**77,648**	77,648
Retained earnings	**2,305,143**	2,078,501
Total stockholder's equity	**2,382,791**	2,156,149
	$ 5,510,023	$ 5,811,744

See accompanying notes to financial statements.

Parry America, Inc.

Statements of Income and Retained Earnings

Year Ended March 31,	**2017**	2016
Sales	**$ 8,525,123**	$ 7,810,960
Cost of sales	**6,964,573**	6,565,458
Gross profit	**1,560,550**	1,245,502
Selling, general and administrative expenses:		
Marketing and advertising	**137,207**	103,386
Salaries and wages	**126,399**	241,259
Insurance	**74,107**	83,047
Professional fees	**73,806**	65,272
Travel	**55,673**	64,811
Licenses and permits	**42,502**	42,114
Rent	**29,011**	10,712
Payroll taxes and fees	**12,342**	31,698
Research and development	**20,316**	13,729
Dues and subscriptions	**13,157**	12,125
Depreciation and amortization	**9,709**	10,293
Auto	**8,874**	5,601
Communications	**5,368**	3,859
Office	**3,270**	10,413
Bank service charges	**2,206**	13,319
Postage	**2,008**	5,950
Meals and entertainment	**1,286**	1,441
Total selling, general and administrative expenses	**617,241**	719,029
Operating income	**943,309**	526,473
Other income (expense):		
Interest expense	**(9,668)**	(35,630)
Interest income	**34,071**	38,725
Other income, net	**4,935**	8,792
Total other income, net	**29,338**	11,887
Income before income taxes	**972,647**	538,360
Income tax expense	**(246,005)**	(262,473)
Net income	**726,642**	275,887
Retained earnings, beginning of the year	**2,078,501**	1,802,614
Dividend distribution	**(500,000)**	–
Retained earnings, end of the year	**$ 2,305,143**	$ 2,078,501

See accompanying notes to financial statements.

Parry America, Inc.

Statements of Cash Flows

Year Ended March 31,	**2017**	2016
Cash flows from operating activities:		
Net income	**$ 726,642**	$ 275,887
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation and amortization	**9,709**	10,293
Changes in operating assets and liabilities:		
Accounts receivable - trade	**549,416**	(569,446)
Inventories	**(163,851)**	558,078
Prepaid expenses	**6,999**	64,877
Accounts payable	**(22,049)**	(73,632)
Accounts payable – related party	**184,303**	(691,805)
Accrued expenses	**52,863**	193,594
Income tax payable	**100,370**	34,202
Net cash provided by (used for) operating activities	**1,444,402**	(197,952)
Cash flows from investing activities:		
Purchases of property and equipment	**–**	(2,259)
Collections on notes receivable – related party	**80,835**	–
Interest receivable – related party	**3,280**	6,256
Net cash provided by investing activities	**84,115**	3,997
Cash flows from financing activities:		
Dividend distribution	**(500,000)**	–
Payments on line of credit	**(843,850)**	(99,820)
Net cash used for financing activities	**(1,343,850)**	(99,820)
Net increase (decrease) in cash	**184,667**	(293,775)
Cash, beginning of year	**480,697**	774,472
Cash, end of year	**$ 665,364**	$ 480,697
Supplemental disclosure of cash flow information:		
Interest paid	**$ 13,268**	$ 36,030
Income taxes paid	**$ 235,635**	$ 228,271

See accompanying notes to financial statements.

1. Summary of Significant Accounting Policies

Nature of Operations

Parry America, Inc. (the "Company") was incorporated on December 14, 2000 under the laws of the State of Delaware, and is a wholly-owned subsidiary of E.I.D. Parry (India), Ltd. (the "Parent"). The Company was formed to establish and grow the Parent's organic natural pesticide product business in the United States of America, Canada, Mexico, the Caribbean, Central America and South America. The Company develops organic pest control products for agriculture, turf and home & garden applications.

Revenue Recognition

The Company recognizes revenue when persuasive evidence of an arrangement exists, shipment has occurred, customers take ownership and assume the risk of loss, price is fixed or determinable, and collectability is reasonably assured. There are no continuing performance obligations by the Company subsequent to shipment of the product.

Concentrations and Credit Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist of cash placed with federally insured financial institutions. Such accounts may at times exceed federally insured limits. Management believes the associated risk is minimized by placing such assets with quality financial institutions. The Company has not experienced any losses on such accounts.

The Company had three customers that accounted for approximately 52%, 18%, and 16% of total revenues, respectively, for the year ended March 31, 2017. These customers accounted for approximately 64%, 10% and 15% of accounts receivable – trade, respectively, at March 31, 2017.

The Company had four customers that accounted for approximately 40%, 21%, 18% and 9% of total revenues, respectively, for the year ended March 31, 2016. These customers accounted for approximately 59%, 12%, 10% and 14% of accounts receivable – trade, respectively, at March 31, 2016.

Accounts Receivable

The Company sells its products on credit terms that the Company establishes for each customer. Trade receivables are recorded upon recognition of sales based upon the date the customer takes ownership of the product. Management's determination of the allowance for doubtful accounts is based on an evaluation of the accounts receivable, past experience, current economic conditions and other risks inherent in the accounts receivable portfolio. Accounts are written off when they are determined to be uncollectible. As of March 31, 2017 and 2016, management determined accounts receivable were fully collectible and an allowance for doubtful accounts was not recorded.

Inventories

Inventories consist primarily of formulated and non-formulated pesticide product, Neemazal Technical, classified as finished goods. Inventory is stated at the lower of cost (first-in, first-out) or market.

Property and Equipment

Property and equipment are stated at cost and are depreciated using the straight-line method over the useful lives of the assets. Useful lives range from 2 to 10 years. Maintenance and repairs are charged to expense as incurred. The carrying amount and accumulated depreciation of assets sold or retired are removed from the accounts in the year of disposal and any resulting gain or loss is included in results of operations.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes resulting from temporary differences. Such temporary differences result from differences in the carrying value of assets and liabilities for tax and financial reporting purposes. The deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. The Company does not have any significant deferred tax assets or liabilities at March 31, 2017 and 2016.

The Company identifies and evaluates uncertain tax positions, if any, and recognizes the impact of uncertain tax positions for which there is a less than more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority. Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the balance sheet. The Company has not recognized a liability for uncertain tax positions. If there were an unrecognized tax benefit, the Company would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Company's tax years subject to examination by the Internal Revenue Service generally remain open for three years from the date of filing.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 825, *Financial Instruments*, the Company is required to disclose the fair value of financial instruments for which it is practical to estimate fair value. The Company calculates the fair value of financial instruments in accordance with ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820"), which provides a framework for measuring fair value and expands required disclosure about fair value measurements of assets and liabilities. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability, an exit price, in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

ASC 820 describes the following three levels of inputs that may be used to measure fair value:

Level 1 – Valuation based on adjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Valuation based on quoted market prices for similar assets and liabilities in active markets.

Level 3 – Valuation based on unobservable inputs that are supported by little or no market activity, therefore requiring management's best estimate of what market participants would use as fair value.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management.

The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments. These financial instruments include accounts receivable, accounts payable, accrued expenses and income tax payable. The fair value of the Company's notes receivable and line of credit is estimated based on current rates that would be available for assets and liabilities of similar terms which is not significantly different from its stated value.

The Company does not have any Level 1, 2 or Level 3 financial assets or liabilities.

Accounting Pronouncements Issued but Not Yet Adopted

Revenue

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (ASU 2014-09), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP.

The standard is effective for annual periods beginning after December 15, 2018, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). The new standard allows for early adoption for annual periods beginning after December 15, 2016. The Company is currently evaluating the impact of its pending adoption of ASU 2014-09 on its financial statements and has not yet determined the method by which it will adopt the standard.

Leases

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, *Leases*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement.

The new standard is effective for fiscal years beginning after December 15, 2019. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

Reclassifications

Certain items have been reclassified in the 2016 financial statements to conform to the 2017 presentation.

Subsequent Events

The Company has evaluated events and transactions occurring subsequent to March 31, 2017 as of April 14, 2017, which is the date the financial statements were issued. Subsequent events occurring after April 14, 2017 have not been evaluated by management. No material events have occurred since March 31, 2017 that require recognition or disclosure in the financial statements.

2. Related Party Transactions

Accounts receivable – related party relates to reimbursements due from the Parent.

Accounts Payable – Related Party

The Company purchases its products for resale from the Parent on terms generally similar to those prevailing with unrelated parties. Approximately 93% and 85% of the Company's purchases for the years ended March 31, 2017 and 2016, respectively, were from the Parent. At March 31, 2017 and 2016, the Company owed approximately $2,616,000 and $2,427,000, respectively, to the Parent related to such purchases.

In 2014, the Company entered into an arrangement to pay commission to a third party, related through common ownership by the Parent, based on sales made in the Brazilian market. At March 31, 2016, the Company owed the related party $50,650. As of March 31, 2017, the Company owed the related party $46,650.

Notes Receivable – Related Party

In November, 2013, the Company advanced a total of $650,000 to U.S. Nutraceuticals, LLC, a related party through common ownership. In exchange, the Company received two unsecured promissory notes for $300,000 and $350,000. During fiscal year 2017, these notes were amended to extend the maturity date to June 30, 2018, at which time all outstanding principal and accrued and unpaid interest is due and payable. Interest accrues on the notes at a rate of 6% per annum, increasing to 12.00%, or the maximum rate permitted by applicable law, whichever is less, should U.S. Nutraceuticals, LLC default on the notes. At each of the years ending March 31, 2017 and 2016, the accompanying balance sheets includes total principal amount outstanding of $555,255 and $643,660, respectively, in notes receivable - related party and total accrued interest outstanding of $0 and $3,280, respectively, in interest receivable - related party.

3. Line of Credit

The Company currently maintains a line of credit for maximum borrowing limits of $2,000,000. The loan bears interest at a floating rate of 150 basis points over prime (5.5% at March 31, 2017), is revolving in nature and interest is payable monthly. The loan is secured by the assets of the Company and matures on May 31, 2017. During the year ended March 31, 2017, there were no borrowings made on the line of credit and at March 31, 2017, there were no amounts outstanding. At March 31, 2016, the Company had an outstanding balance on this loan of approximately $844,000.

4. Income Taxes

Income tax expense consists of the following:

For the Year Ended March 31,	**2017**	2016
Current:		
Federal	**$ 229,028**	$ 210,000
State	**16,977**	52,473
Total income tax expense	**$ 246,005**	$ 262,473

Deferred income taxes arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred tax assets are recorded to reflect deductible temporary differences and operating loss carry forwards while deferred tax liabilities are recorded to reflect taxable temporary differences. The Company did not have any significant taxable or deductible temporary differences for the years ended March 31, 2017 and 2016.

5. Commitments

The Company rents office space under an operating lease that expires in 2023, with an option to terminate the lease without penalty in 2021. Future minimum lease payments under this lease are as follows:

Year Ending March 31,	
2018	$ 11,056
2019	19,268
2020	19,810
2021	20,351
2022	20,893
Thereafter	8,799
	$ 100,177