

Plandai Biotechnology, Inc.  
Form 10-K  
October 14, 2014  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2014

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 000-51206

**PLANDAÍ BIOTECHNOLOGY, INC.**  
(Name of small business issuer in its charter)

**Nevada** **20-1389815**  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

**2226 Eastlake Avenue East #156, Seattle, WA** **98102**  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(435) 881-8734**

Securities registered under Section 12(b) of the Exchange Act: **None**  
Securities registered under Section 12(g) of the Exchange Act: **Common stock, par value \$0.0001 per share**  
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes  No

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Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the last 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

|                         |                          |                           |                                     |
|-------------------------|--------------------------|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/> | Accelerated filer         | <input type="checkbox"/>            |
| Non-accelerated filer   | <input type="checkbox"/> | Smaller reporting company | <input checked="" type="checkbox"/> |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of June 30, 2014: \$10,453,139.

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As of October 10, 2014, the registrant had 134,220,536 outstanding shares of Common Stock.

Documents incorporated by reference: None.

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## **PART I**

### **ITEM 1. BUSINESS.**

Plandaí Biotechnology, Inc. (the “Company”) and its subsidiaries focus on the production of proprietary botanical extracts for the nutraceutical and pharmaceutical industries. The company grows much of the live plant material used in its products on a 3,000 hectare estate it operates under a 49-year notarial lease in the Mpumalanga region of South Africa. Plandaí uses a proprietary extraction process that is designed to yield highly bioavailable products of pharmaceutical-grade purity. The first product to be brought to market is Phytofare™ Catechin Complex, a green-tea derived extract that has multiple potential wellness applications. The company’s principle holdings consist of land, farms and infrastructure in South Africa.

The Company was incorporated, as Jerry's Inc., in the State of Florida on November 30, 1942. The company catered airline flights and operated coffee shops, lounges and gift shops at airports and other facilities located in Florida, Alabama and Georgia. The company's airline catering services included the preparation of meals in kitchens located at, or adjacent to, airports and the distribution of meals and beverages for service on commercial airline flights. The company also provided certain ancillary services, including, among others, the preparation of beverage service carts, the unloading and cleaning of plates, utensils and other accessories arriving on incoming aircraft, and the inventory management and storage of airline-owned dining service equipment. In March of 2004 we moved our domicile to Nevada and changed our name to Diamond Ranch Foods, Ltd. Diamond Ranch Foods, Ltd. was engaged in the meat processing and distribution industry. Operations consisted of packing, processing, custom meat cutting, portion controlled meats, private labeling, and distribution of our products to a diversified customer base, including, but not limited to; in-home food service businesses, retailers, hotels, restaurants and institutions, deli and catering operators, and industry suppliers. On November 17, 2011, the Company, through its wholly-owned subsidiary, Plandaí Biotechnologies, Inc. consummated a share exchange with Global Energy Solutions Corporation Limited, an Irish corporation. Under the terms of the Share Exchange, GES received 76,000,000 shares of Diamond Ranch that had been previously issued to Plandaí Biotechnologies, Inc. in exchange for 100% of the issued and outstanding capital of GES. On November 21, 2011, the Company filed an amendment to the articles of incorporation to change the name of the company to Plandaí Biotechnology, Inc. GES was subsequently folded up into Plandaí and the legal status terminated, leaving Plandaí Biotechnology, Inc. as the surviving entity.

The Company is actively pursuing additional financing and has had discussions with various third parties, although no firm commitments have been obtained. Management believes these efforts will generate sufficient cash flows from future operations to pay the Company's obligations and realize positive cash flow. There is no assurance any of these transactions will occur. In April 2012, through our subsidiary companies, we secured a 100 million Rand (approximately \$13 million) financing with the Land and Agriculture Bank of South Africa which has been used to build infrastructure and further operations.

### **DISPOSITION OF SUBSIDIARY**

On November 17, 2011, the Company sold its subsidiary, Diamond Ranch, Ltd., together with its wholly-owned subsidiary, Executive Seafood, Inc. to the former officer and director of Diamond Ranch. Under the terms of the sale, the purchaser assumed all associated debt as consideration. During the three and six months ended December 31, 2011, Diamond Ranch, Ltd. and Executive Seafood, Inc. had negligible revenues from operations, generated a net loss of \$126,000, and as of the date of disposition, liabilities exceeded assets by over \$5,000,000.

As a result of the Share Exchange Agreement and disposition of Diamond Ranch, Ltd., the Company's operations consist entirely of the operations of the former GES entity and its subsidiaries.

## **PRODUCTS AND SERVICES**

Plandai has a proprietary technology that extracts a high level of bio-available compounds and phytonutrients from polyphenols found in organic matter, including green tea leaves, citrus and many other plants. Various tests have been conducted over the past ten years using this technology to generate functional chemical compounds possessing nutritive properties that act effectively as preventive agents in the healthcare field. Polyphenols from green tea are an excellent source antioxidant and anti-carcinogenic substances. The Company leases 8,000 acres of agriculture land in Mpumalanga, South Africa, under a 49-year notarial lease, which includes over a thousand acres of cultivated green tea. In addition, the Company has recently completed a 30,000 sq. ft. state-of-the-art extraction facility on site which is expected to come online before the end of Year 2014. Plandai intends to use its plantation leases to focus on the farming of whole fruits, vegetables and live plant material and the production of proprietary botanical extracts for the health and wellness industry using its proprietary extraction technology and the extraction facility.

Many botanical extracts have demonstrated varying degrees of health benefit, and many pharmaceutical drugs are either derived directly from plant extracts or are synthetic analogs of phytonutrient molecules. Green tea leaf, for example, has shown promising in-vitro results as an anti-oxidant, with hundreds of different published studies demonstrating its potential usefulness in weight loss, anti-viral, anti-cancer, and anti-parasitic applications, amongst others.

The company is presently developing for market two unique extracts: Phytofare™ Catechin Complex and Phytofare™ Limonoid Glycoside Complex. The catechin complex is derived from green tea harvested locally on the Senteeko Tea Estate in Mpumalanga, South Africa, and then processed on a state-of-the-art extraction facility constructed onsite using funds obtained from the Land and Agriculture Bank of South Africa. The facility is expected to become operational before the end of Year 2014, with initial sales commencing fourth quarter 2014. The limonoid glycoside product is extracted from lemons which are sourced from local plantations in South Africa and then produced in the same factory that makes the green tea product. The Phytofare™ Limonoid Glycoside Complex will be introduced to the market in July 2015.

On August 30, 2013, Plandaí entered into a license agreement with North-West University in Potchefstroom, South Africa, which granted the company the exclusive right to use the University's Pheroid™ technology to product nano-entrapped botanical extracts for human and animal use. The company believes that this technology will enable it to develop products with much higher absorption coefficients in both topical use and oral consumption.

The Company is actively pursuing research on additional botanical extracts that have known or suspected pharmaceutical properties. This research includes developing a non-psychoactive cannabinoid extract through the Company's wholly-owned subsidiary, Cannabis Biosciences, Inc. Cannabis Biosciences has concluded its investigative research on cannabis and developed a method of extraction which it believes can produce a complete cannabis complex in a highly bioavailable format but without psychoactive effects. The Company is actively seeking to obtain a license that will permit it to produce its cannabinoid extract and conduct laboratory research on live cannabis plant. Provided that the company can produce such an extract, the plan is to commence animal research on neural disorders such as Parkinson's, Alzheimer's, MS, epilepsy, and post-concussion syndrome in order to determine definitively if cannabis possesses medicinal properties meriting further human trials.

## **COMPETITION**

The Company faces competition from a variety of sources. There are several large producers of farm products including green tea and there are numerous companies that develop and market nutraceutical products that include bio-available compounds including those from green tea and citrus extracts. Many of these competitors benefit from established distribution, market-ready products, and greater levels of financing. Plandaí intends to compete by producing higher quality and higher concentration extracts, producing at lower costs, and controlling a vertically integrated market that includes all stages from farming through production and marketing. The company's unique

patent-pending technology, combined with the patented Pheroid™ technology, should provide several unique market advantages in the form of higher absorption, increased bioavailability, and lower dosage requirements.

## **CUSTOMERS**

Plandai will market to nutraceutical and supplement companies that require high-quality bio-available extracts for their products. As pharmaceutical products clear their human clinical trials and receive market approval from the FDA, Plandai will enlist distribution companies to sell to various end user outlets. In addition, the Company anticipates having surplus farm products including timber, fruits, and nuts which will be sold to local markets.

## **LICENSE AGREEMENT**

During the year ended June 30, 2014, the Company entered into a license agreement with Oasis, Inc., a Canadian company that owns and operates medical centers specializing in dermatology and skin care. The terms of the license required and initial payment of \$250,000 plus an additional payment of \$250,000 following the favorable completion of certain clinical trials. The license covers the use of Phytofare™ Catechin Complex in topical formulation for anti-aging applications and is specific to North America and portions of Africa. Of the initial payment, the company received \$190,000 which has been recorded as License Fees in the accompanying financial statements. The company has completed the clinical trials with favorable results and therefore deems the monies received to be earned as of June 30, 2014. The company is presently in discussion with Oasis regarding fulfillment of the remaining terms of the agreement. A total of \$14,000 was spent on the clinical trials, which was recorded as research and development costs.

## **ITEM 1A. RISK FACTORS**

An investment in our securities is highly speculative, involves a high degree of risk and is suitable only for investors with substantial means who can bear the economic risk of the investment for an indefinite period of time, have no need for liquidity of the investment, and have adequate means of providing for their current needs and contingencies. An investment in the securities should be made only by persons able to bear the risk in the event the investment results in a total loss.



### **We Have Historically Lost Money and Losses May Continue in the Future**

We have historically lost money. The loss for the fiscal year June 30, 2014 was \$9,828,797 and future losses are likely to occur. Accordingly, we may experience significant liquidity and cash flow problems if we are not able to raise additional capital as needed and on acceptable terms. No assurances can be given we will be successful in reaching or maintaining profitable operations.

### **We Will Need to Raise Additional Capital to Finance Operations**

Our operations have thus far relied almost entirely on external financing to fund our operations. Such financing has historically come from a combination of borrowings and from the sale of common stock and assets to third parties.

Until we reach a point where revenues exceed costs, we will need to raise additional capital to fund our anticipated operating expenses and future expansion. Among other things, external financing will be required to cover our operating costs. We cannot assure you that financing whether from external sources or related parties will be available if needed or on favorable terms. The sale of our common stock to raise capital may cause dilution to our existing shareholders. Our inability to obtain adequate financing will result in the need to curtail business operations. Any of these events would be materially harmful to our business and may result in a lower stock price.

### **There is Substantial Doubt About Our Ability to Continue as a Going Concern Due to Recurring Losses and Working Capital Shortages, Which Means that We May Not Be Able to Continue Operations Unless We Obtain Additional Funding**

Our independent certified public accountant has stated in their report included in this filing that we have suffered recurring losses from operations that raise substantial doubt about our ability to continue as a going concern.

The Company has experienced recurring operating losses and we currently have a working capital deficiency. There is a possibility that our revenues will not be sufficient to meet our operating costs. To date our liabilities have greatly exceeded our current assets. There is a substantial doubt that we can continue as a going concern.

There can be no assurance that we will continue to generate revenues from operations or obtain sufficient capital on acceptable terms, if at all. Failure to obtain such capital or generate such operating revenues would have an adverse impact on our financial position and results of operations and ability to continue as a going concern. Our operating and capital requirements during the next fiscal year and thereafter will vary based on a number of factors, including the level of sales and marketing activities for our services and products. There can be no assurance that additional

private or public finances, including debt or equity financing, will be available as needed or, if available, on terms favorable to us. Any additional equity financing may be dilutive to stockholders and such additional equity securities may have rights, preferences or privileges that are senior to those of our existing common stock.

Furthermore, debt financing, if available, will require payment of interest and may involve restrictive covenants that could impose limitations on our operating flexibility. Our failure to successfully obtain additional future funding may jeopardize our ability to continue our business and operations.

### **Our Common Stock May Fluctuate Significantly**

Our common stock has experienced, and is likely to experience in the future, significant price and volume fluctuations that could adversely affect the market price of our common stock without regard to our operating performance. In addition, we believe that factors such as quarterly fluctuations in our financial results and changes in the overall economy or the condition of the financial markets could cause the price of our common stock to fluctuate substantially. Substantial fluctuations in our stock price could significantly reduce the price of our stock.

### **There is no Assurance of Continued Public Trading Market and Being a Low Priced Security may Affect the Market Value of Our Stock**

Our common stock is currently quoted on the OTC. As a result, an investor may find it difficult to dispose of, or to obtain accurate quotations as to the market value of our stock. Our stock is subject to the low-priced security or so called "penny stock" rules that impose additional sales practice requirements on broker-dealers who sell such securities. The Securities Enforcement and Penny Stock Reform Act of 1990 requires additional disclosure in connection with any trades involving a stock defined as a penny stock (generally, according to recent regulations adopted by the SEC, any equity security that has a market price of less than \$5.00 per share, subject to certain exceptions that we no longer meet). For example, brokers/dealers selling such securities must, prior to effecting the transaction, provide their customers with a document that discloses the risks of investing in such securities. Included in this document are the following:

- the bid and offer price quotes in and for the "penny stock," and the number of shares to which the quoted prices apply,
- the brokerage firm's compensation for the trade, and
- the compensation received by the brokerage firm's sales person for the trade.

In addition, the brokerage firm must send the investor:

- a monthly account statement that gives an estimate of the value of each "penny stock" in the investor's account, and
- a written statement of the investor's financial situation and investment goals.

If the person purchasing the securities is someone other than an accredited investor or an established customer of the broker/dealer, the broker/dealer must also approve the potential customer's account by obtaining information concerning the customer's financial situation, investment experience and investment objectives. The broker/dealer must also make a determination whether the transaction is suitable for the customer and whether the customer has sufficient knowledge and experience in financial matters to be reasonably expected to be capable of evaluating the risk of transactions in such securities. Accordingly, the Commission's rules may limit the number of potential purchasers of the shares of our common stock.

Resale restrictions on transferring "penny stocks" are sometimes imposed by some states, which may make transaction in our stock more difficult and may reduce the value of the investment. Various state securities laws pose restrictions on transferring "penny stocks" and as a result, investors in our common stock may have the ability to sell their shares of our common stock impaired.

There can be no assurance we will have market makers in our stock. If the number of market makers in our stock should decline, the liquidity of our common stock could be impaired, not only in the number of shares of common stock which could be bought and sold, but also through possible delays in the timing of transactions, and lower prices for the common stock than might otherwise prevail. Furthermore, the lack of market makers could result in persons being unable to buy or sell shares of the common stock on any secondary market.

### **We Could Fail to Retain or Attract Key Personnel**

Our future success depends in significant part on the continued services of Roger Duffield, our President. We cannot assure we would be able to find an appropriate replacement for key personnel. Any loss or interruption of our key personnel's services could adversely affect our ability to develop our business plan.

### **Nevada Law and Our Charter May Inhibit a Takeover of Our Company That Stockholders May Consider Favorable**

Provisions of Nevada law, such as its business combination statute, may have the effect of delaying, deferring or preventing a change in control of our company. As a result, these provisions could limit the price some investors might be willing to pay in the future for shares of our common stock.

**We have a history of operating losses and expect to incur losses for the foreseeable future. We may never generate revenues or, if we are able to generate revenues, achieve profitability.**

Thus far, our operations have been focused on product development and in bringing production capacity online, and our revenues to date have consisted of sales of timber, avocado and macadamia nuts from our farms in South Africa. We have incurred losses in each year of our operations, and we expect to continue to incur operating losses for the foreseeable future. These operating losses have adversely affected and are likely to continue to adversely affect our working capital, total assets and shareholders' equity.

The Company and its prospects should be examined in light of the risks and difficulties frequently encountered by new and early stage companies in new and rapidly evolving markets. These risks include, among other things, the speed at which we can scale up operations, our complete dependence upon development of products that currently have no market acceptance, our ability to establish and expand our brand name, our ability to expand our operations to meet the commercial demand of our clients, our development of and reliance on strategic and customer relationships and our ability to minimize fraud and other security risks.

The process of developing our products requires significant clinical, development and laboratory testing and clinical trials. In addition, commercialization of our product candidates will require that we obtain necessary regulatory approvals and establish sales, marketing and manufacturing capabilities, either through internal hiring or through contractual relationships with others. We expect to incur substantial losses for the foreseeable future as a result of anticipated increases in our research and development costs, including costs associated with conducting preclinical testing and clinical trials, and regulatory compliance activities.

Our ability to generate revenues and achieve profitability will depend on numerous factors, including success in:

- developing and testing product candidates;
- receiving regulatory approvals;
- commercializing our products;
- establishing a favorable competitive position.

Many of these factors will depend on circumstances beyond our control. We cannot assure you that we will ever have a product that we will bring to market or, if we are successful in doing so, that we will ever become profitable.

We expect to incur substantial additional operating expenses over the next several years as our research, development, pre-clinical testing, and clinical trial activities increase. The amount of future losses and when, if ever, we will achieve profitability are uncertain. We have no products that have generated any commercial revenue to date. Our ability to generate revenue and achieve profitability will depend on, among other things, successful completion of the development of our product candidates; the successful testing of our product in both in *in vitro* and *in vivo* trials; establishing manufacturing, sales, and marketing arrangements with third parties; and raising sufficient funds to finance our activities. We might not succeed at any of these undertakings. If we are unsuccessful at some or all of these undertakings, our business, prospects, and results of operations may be materially adversely affected.

**We received a report from our independent registered public accounting firm with an explanatory paragraph for the year ended June 30, 2014 with respect to our ability to continue as a going concern. The existence of such a report may adversely affect our stock price and our ability to raise capital.**

In their report dated October 7, 2014, our independent registered public accounting firm expressed substantial doubt about our ability to continue as a going concern as we have incurred losses since inception of development stage, have a negative cash flow from operations and have working capital and stockholders' deficiencies. Our ability to continue as a going concern is subject to our ability to generate a profit and/or obtain necessary funding from outside sources, including obtaining additional funding from the sale of our securities, increasing sales or obtaining loans and grants from various financial institutions where possible. Our continued net operating losses increase the difficulty in meeting such goals and there can be no assurances that such methods will prove successful.

**We have no approved products on the market and have generated no product revenues to date.**

To date, we have no approved product on the market and have generated no product revenues. Until and unless we receive approval from regulatory authorities for our product candidates, we cannot sell our products and will not have product revenues. We recently received a legal opinion stating that our Phytofare™ Catechin Complex will not require specific and separate approval to be sold in the United States; however, we have not yet commenced production or shipments to customers. Until we have products on the market we will have to fund all of our operations and capital expenditures from cash on hand, licensing fees and grants and additional financings, to the extent such financings can be obtained.

**We need additional capital. If additional capital is not available or is available at unattractive terms, we may be forced to delay, reduce the scope of or eliminate our research and development programs, reduce our commercialization efforts or curtail our operations.**

In order to develop and bring our product candidates to market, we must commit substantial resources to costly and time-consuming production development, research, clinical trials and marketing activities. We anticipate that our existing cash and cash equivalents will enable us to maintain our current operations for at least the next six months. We anticipate using our cash and cash equivalents to fund further research and development with respect to our lead product candidates. We may, however, need to raise additional funding sooner if our business or operations change in a manner that consumes available resources more rapidly than we anticipate. Our requirements for additional capital will depend on many factors, including:

- successful commercialization of our product candidates;
- the time and costs involved in obtaining regulatory approval for our product candidates;
- costs associated with protecting our intellectual property rights;
- development of marketing and sales capabilities;
- payments received under future collaborative agreements, if any; and
- market acceptance of our products.

To the extent we raise additional capital through the sale of equity securities, the issuance of those securities could result in dilution to our shareholders. In addition, if we obtain debt financing, a substantial portion of our operating cash flow may be dedicated to the payment of principal and interest on such indebtedness, thus limiting funds available for our business activities. If adequate funds are not available, we may be required to delay, reduce the scope of or eliminate our research and development programs, reduce our commercialization efforts or curtail our operations. In addition, we may be required to obtain funds through arrangements with collaborative partners or others that may require us to relinquish rights to technologies, product candidates or products that we would otherwise seek to develop or commercialize ourselves or license rights to technologies, product candidates or products on terms that are less favorable to us than might otherwise be available.

The Company will require substantial additional funds to support its research and development activities and eventual commercialization. Such additional sources of financing may not be available on favorable terms, if at all. If we do not succeed in raising additional funds on acceptable terms, we could be forced to discontinue product development, forego sales and marketing efforts and forego attractive business opportunities. Any additional sources of financing will likely involve the issuance of our equity securities, which will have a dilutive effect on our stockholders.

There is no assurance that we will be successful in raising the additional funds needed to fund our business plan. If we are not able to raise sufficient capital in the near future, our continued operations will be in jeopardy and we may be forced to cease operations and sell or otherwise transfer all or substantially all of our remaining assets.

**We face intense competition in the markets targeted by our lead product candidates. Many of our competitors have substantially greater resources than we do, and we expect that all of our product candidates under development will face intense competition from existing or future drugs.**

We expect that all of our product candidates under development will face intense competition from existing and future products marketed by large companies. These competitors may successfully market products that compete with our products, successfully identify and develop products earlier than we do, or develop products that are more effective or cost less than our products.

These competitive factors could require us to conduct substantial new research and development activities to establish new product targets, which would be costly and time consuming. These activities would adversely affect our ability to commercialize products and achieve revenue and profits.

**Competition and technological change may make our product candidates and technologies less attractive or obsolete.**

We compete with established pharmaceutical and food additive companies that are pursuing other products for the same indications we are pursuing and that have greater financial and other resources. Other companies may succeed in developing products earlier than us, or developing products that are more effective than our product candidates. Research and development by others may render our technology or product candidates obsolete or noncompetitive, or result in treatments or cures superior to any product we develop. We face competition from companies that internally develop competing technology or acquire competing technology from universities and other research institutions. As these companies develop their technologies, they may develop competitive positions that may prevent, make futile, or limit our product commercialization efforts, which would result in a decrease in the revenue we would be able to derive from the sale of any products.

There can be no assurance that any of our product candidates will be accepted by the marketplace as readily as these or other competing treatments. Even if our products are successfully developed and approved for use by all governing regulatory bodies, there can be no assurance that 3<sup>rd</sup> party manufacturers and consumers will prefer our products to those already in the market.

Furthermore, the food additive industry is diverse, complex, and rapidly changing. By its nature, the business risks associated therewith are numerous and significant. The effects of competition, intellectual property disputes, and market acceptance preclude us from forecasting revenues or income with certainty or even confidence.

**If we fail to protect our intellectual property rights, our ability to pursue the development of our technologies and products would be negatively affected.**



Our success will depend in part on our ability to obtain patents and maintain adequate protection of our technologies and products. If we do not adequately protect our intellectual property, competitors may be able to use our technologies to produce and market drugs in direct competition with us and erode our competitive advantage. Some foreign countries lack rules and methods for defending intellectual property rights and do not protect proprietary rights to the same extent as the United States. Many companies have had difficulty protecting their proprietary rights in these foreign countries. We may not be able to prevent misappropriation of our proprietary rights.

We are currently seeking patent protection for numerous processes and finished products. However, the patent process is subject to numerous risks and uncertainties, and there can be no assurance that we will be successful in protecting our products by obtaining and defending patents. These risks and uncertainties include the following: patents that may be issued or licensed may be challenged, invalidated, or circumvented, or otherwise may not provide any competitive advantage; our competitors, many of which have substantially greater resources than us and many of which have made significant investments in competing technologies, may seek, or may already have obtained, patents that will limit, interfere with, or eliminate our ability to make, use, and sell our potential products either in the United States or in international markets; there may be significant pressure on the United States government and other international governmental bodies to limit the scope of patent protection both inside and outside the United States for treatments that prove successful as a matter of public policy regarding worldwide health concerns; countries other than the United States may have less restrictive patent laws than those upheld by United States courts, allowing foreign competitors the ability to exploit these laws to create, develop, and market competing products.

Moreover, any patents issued to us may not provide us with meaningful protection, or others may challenge, circumvent or narrow our patents. Third parties may also independently develop products similar to our products, duplicate our unpatented products or design around any patents on products we develop. Additionally, extensive time is required for development, testing and regulatory review of a potential product. While extensions of patent term due to regulatory delays may be available, it is possible that, before any of our product candidates can be commercialized, any related patent, even with an extension, may expire or remain in force for only a short period following commercialization, thereby reducing any advantages of the patent.

In addition, the United States Patent and Trademark Office (the "PTO") and patent offices in other jurisdictions have often required that patent applications concerning biotechnology-related inventions be limited or narrowed substantially to cover only the specific innovations exemplified in the patent application, thereby limiting the scope of protection against competitive challenges. Thus, even if we or our licensors are able to obtain patents, the patents may be substantially narrower than anticipated.

Our success depends on patent applications that are licensed exclusively to us and other patents to which we may obtain assignment or licenses. We may not be aware, however, of all patents, published applications or published literature that may affect our business either by blocking our ability to commercialize our product candidates, by preventing the patentability of our product candidates to us or our licensors, or by covering the same or similar technologies that may invalidate our patents, limit the scope of our future patent claims or adversely affect our ability to market our product candidates.

In addition to patents, we rely on a combination of trade secrets, confidentiality, nondisclosure and other contractual provisions, and security measures to protect our confidential and proprietary information. These measures may not adequately protect our trade secrets or other proprietary information. If they do not adequately protect our rights, third parties could use our technology, and we could lose any competitive advantage we may have. In addition, others may independently develop similar proprietary information or techniques or otherwise gain access to our trade secrets, which could impair any competitive advantage we may have.

Patent protection and other intellectual property protection is crucial to the success of our business and prospects, and there is a substantial risk that such protections will prove inadequate.

**If testing or clinical trials for our product candidates are unsuccessful or delayed, we will be unable to meet our anticipated development and commercialization timelines.**

We rely and expect to continue to rely on third parties, including clinical research organizations and outside consultants, to conduct, supervise or monitor some or all aspects of testing or clinical trials involving our product candidates. We have less control over the timing and other aspects of testing or clinical trials than if we performed the monitoring and supervision entirely on our own. Third parties may not perform their responsibilities for our testing or clinical trials on our anticipated schedule or, for clinical trials, consistent with a clinical trial protocol. Delays in preclinical and clinical testing could significantly increase our product development costs and delay product commercialization. In addition, many of the factors that may cause, or lead to, a delay in the clinical trials may also ultimately lead to denial of regulatory approval of a product candidate.

The commencement of clinical trials can be delayed for a variety of reasons, including delays in:

- demonstrating sufficient safety and efficacy to obtain regulatory approval to commence a clinical trial;
- reaching agreement on acceptable terms with prospective contract research organizations and trial sites;
  - manufacturing sufficient quantities of a product candidate; and
- obtaining institutional review board approval to conduct a clinical trial at a prospective site.

Once a clinical trial has begun, it may be delayed, suspended or terminated due to a number of factors, including:

- ongoing discussions with the FDA or other regulatory authorities regarding the scope or design of our clinical trials;
  - failure to conduct clinical trials in accordance with regulatory requirements;
- lower than anticipated recruitment or retention rate of patients in clinical trials;
  - lack of adequate funding to continue clinical trials; or
- negative results of clinical trials

If clinical trials are unsuccessful, and we are not able to obtain regulatory approvals for our product candidates under development, we will not be able to commercialize these products, and therefore may not be able to generate sufficient revenues to support our business.

**If we are unable to hire additional qualified personnel, our ability to grow our business may be harmed.**

Over time we will need to hire additional qualified personnel with expertise in clinical testing, clinical research and testing, government regulation, formulation and manufacturing, financial matters and sales and marketing. We compete for qualified individuals with numerous biopharmaceutical companies, universities and other research institutions. Competition for such individuals is intense, and we cannot be certain that our search for such personnel will be successful. Attracting and retaining qualified personnel will be critical to our success.

**Data provided by collaborators and others upon which we rely that has not been independently verified could turn out to be false, misleading, or incomplete.**

We rely on third-party vendors, scientists, and collaborators to provide us with significant data and other information related to our projects, clinical trials, and our business. If such third parties provide inaccurate, misleading, or incomplete data, our business, prospects, and results of operations could be materially adversely affected.

**Successful development of our products is uncertain.**

Our development of current and future product candidates is subject to the risks of failure and delay inherent in the development of new biotech products, including: delays in product development, clinical testing, or manufacturing; unplanned expenditures in product development, clinical testing, or manufacturing; failure to receive regulatory approvals; emergence of superior or equivalent products; inability to manufacture on its own, or through any others, product candidates on a commercial scale; and failure to achieve market acceptance.

Because of these risks, our research and development efforts may not result in any commercially viable products. If a significant portion of these development efforts are not successfully completed, required regulatory approvals are not obtained or any approved products are not commercially successfully, our business, financial condition, and results of operations may be materially harmed.

**We do not have, and may never obtain, the regulatory approvals we need to market our product candidates.**

Following completion of clinical trials, the results are evaluated and, depending on the outcome, may be submitted to the FDA in the form of an NDA in order to obtain approval to commence commercial marketing using the desired claims. While FDA approval will not be required to sell our products, in order to make certain health-related claims, FDA approval may be required. In responding to an NDA, the FDA may require additional testing or information, may require that the product labeling be modified, may impose post-approval study or reporting requirements or other restrictions on product distribution, or may deny the application. The FDA has established performance goals for review of NDAs - six months for priority applications and ten months for standard applications. However, the FDA is not required to complete its review within these time periods. The timing of final FDA review and action varies greatly, but can take years in some case and may involve the input of an FDA advisory committee of outside experts. Product sales in the United States may commence only when an NDA is approved.

To date, we have not applied for or received the regulatory approvals required for the commercial sale of any of our products in the United States or in any foreign jurisdiction. None of our product candidates has been determined to be safe and effective, and we have not submitted an NDA to the FDA or an equivalent application to any foreign regulatory authorities for any of our product candidates.

It is possible that none of our product candidates will be approved for marketing. Failure to obtain regulatory approvals, or delays in obtaining regulatory approvals, may adversely affect the successful commercialization of any products we develop, may impose additional costs on us or our collaborators, may diminish any competitive advantages that we or our partners may attain, and/or may adversely affect our receipt of revenues or royalties.

**Even if we obtain regulatory approval to market our product candidates, our product candidates may not be accepted by the market.**

Even if we receive regulatory approval to market one or more of our product candidates, consumers may not accept it or use it. Acceptance and use of our products will depend upon a number of factors including: perceptions by members of the health care community, including physicians, about the safety and effectiveness of our products; cost-effectiveness of our product relative to competing products; and effectiveness of marketing and distribution efforts by us and our licensees and distributors, if any.

**If we fail to establish marketing, sales and distribution capabilities, or fail to enter into arrangements with third parties, we will not be able to create a market for our product candidates.**

Our strategy with our lead product candidates is to control, directly or through contracted third parties, all or most aspects of the product development process, including marketing, sales and distribution. Currently, we do not have any sales, marketing or distribution capabilities. In order to generate sales of any product candidates, we must either acquire or develop an internal marketing and sales force with technical expertise and with supporting distribution capabilities or make arrangements with third parties to perform these services for us. The acquisition or development of a sales and distribution infrastructure would require substantial resources, which may divert the attention of our management and key personnel and defer our product development efforts. To the extent that we enter into marketing and sales arrangements with other companies, our revenues will depend on the efforts of others. These efforts may not be successful. If we fail to develop sales, marketing and distribution channels, or enter into arrangements with third parties, we will experience delays in product sales and incur increased costs.

The establishment of a marketing, sales, and distribution capability would significantly increase our costs, possibly requiring substantial additional capital. In addition, there is intense competition for proficient sales and marketing personnel, and we may not be able to attract individuals who have the qualifications necessary to market, sell, and

distribute our products. There can be no assurance that we will be able to establish internal marketing, sales, or distribution capabilities. If we are unable to, or choose not to establish these capabilities, or if the capabilities we establish are not sufficient to meet our needs, we will be required to establish collaborative marketing, sales, or distribution relationships with third parties.

**We face the risk of product liability claims and may not be able to obtain insurance.**

Our business exposes us to the risk of product liability claims that are inherent in the development of consumer products. If the use of one of our products harms people, we may be subject to costly and damaging product liability claims brought against us by clinical trial participants, consumers, or others selling our products. Our inability to obtain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could prevent or inhibit the commercialization of products we develop, alone or with collaborators. We currently do not carry clinical trial insurance or product liability insurance. We intend to obtain such insurance in the future. We cannot predict all of the possible harms or side effects that may result and, therefore, the amount of insurance coverage we hold now or in the future may not be adequate to cover all liabilities we might incur. If we are unable to obtain insurance at an acceptable cost or otherwise protect against potential product liability claims, we will be exposed to significant liabilities, which may materially and adversely affect our business and financial position. If we are sued for any injury allegedly caused by our or our collaborators' products, our liability could exceed our total assets and our ability to pay the liability. A product liability claim or series of claims brought against us would decrease our cash and could cause our stock price to fall.

**EMPLOYEES**

The Company, including subsidiaries, currently employs approximately 100 full time employees, of which 80 are engaged in farming, 5 in research and development, and 15 in management and operations. Once the Company has completed testing on its Phytofare™ products and has its production facility nearing completion, management expects to increase the number of employees engaged in farming, production, and operations significantly. We assess employee relations to be excellent.

**ITEM 1 B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2. PROPERTIES**

The Company, through its subsidiary, Dunn Roman Holdings, controls notarial leases in South Africa encompassing 8,000 acres of tea plantations, farms and associated buildings. The Company also leases office space in London, England and White River, Mpumalanga, South Africa.

We believe that our existing facilities are suitable and adequate to meet our current business requirements.

**ITEM 3. LEGAL PROCEEDINGS**

None.

**ITEM 4. MINING SAFETY DISCLOSURES**

Not applicable.

**PART II**

**ITEM 5. MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

Shares of the Company's common stock are quoted and traded from time to time on the OTC.BB with the trading symbol "PLPL."

The following table sets forth the high and low bid information for the Company's common stock for each quarter within the two fiscal years. The prices reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

| Quarter Ending | Quarterly High | Quarterly Low |
|----------------|----------------|---------------|
| 9/30/2012      | \$0.22         | \$0.12        |
| 12/31/2012     | \$0.15         | \$0.06        |
| 3/31/2013      | \$0.08         | \$0.04        |
| 6/30/2013      | \$0.54         | \$0.05        |
| 9/30/2013      | \$0.82         | \$0.40        |
| 12/31/2013     | \$0.60         | \$0.12        |
| 3/31/2014      | \$3.12         | \$0.21        |
| 6/30/2014      | \$1.08         | \$0.28        |

Secondary trading of our shares may be subject to certain state imposed restrictions.

The ability of individual shareholders to trade their shares in a particular state may be subject to various rules and regulations of that state. A number of states require that an issuer's securities be registered in their state or appropriately exempted from registration before the securities are permitted to trade in that state.

From time-to-time we may grant options or warrants, or promise registration rights to certain shareholders. We have no control over the number of shares of our common stock that our shareholders sell. The price of our common stock may be adversely affected if large amounts are sold in a short period of time.

Our shares most likely will be subject to the provisions of Section 15(g) and Rule 15g-9 of the Exchange Act, commonly referred to as the "penny stock" rule.



Section 15(g) sets forth certain requirements for transactions in penny stocks and Rule 15c-9(d)(1) incorporates the definition of penny stock as that used in Rule 3a51-1 of the Exchange Act.

The SEC generally defines penny stock to be any equity security that has a market price less than \$5.00 per share, subject to certain exceptions. Rule 3a51-1 provides that any equity security is considered to be a penny stock unless that security is: registered and traded on a national securities exchange meeting specified criteria set by the SEC; authorized for quotation on

The NASDAQ Stock Market; issued by a registered investment company; excluded from the definition on the basis of price (at least \$5.00 per share) or the issuer's net tangible assets; or exempted from the definition by the SEC. Broker-dealers who sell penny stocks to persons other than established customers and accredited investors (generally persons with assets in excess of \$1,000,000 or annual income exceeding \$200,000, or \$300,000 together with their spouse), are subject to additional sales practice requirements.

For transactions covered by these rules, broker-dealers must make a special suitability determination for the purchase of such securities and must have received the purchaser's written consent to the transaction prior to the purchase. Additionally, for any transaction involving a penny stock, unless exempt, the rules require the delivery, prior to the first transaction, of a risk disclosure document relating to the penny stock market. A broker-dealer also must disclose the commissions payable to both the broker-dealer and the registered representative, and current quotations for the securities. Finally, monthly statements must be sent to clients disclosing recent price information for the penny stocks held in the account and information on the limited market in penny stocks. Consequently, these rules may restrict the ability of broker-dealers to trade and/or maintain a market in our common stock and may affect the ability of shareholders to sell their shares.

As of June 30, 2014, there were approximately 265 holders of record of our common stock. This number does not include an indeterminate number of shareholders whose shares are held by brokers in street name.

## **TRANSFER AGENT**

We have appointed Signature Stock Transfer, Inc., with offices at 2301 Ohio Drive, Suite 100, Plano, TX 75093, phone number 972-612-4120, as transfer agent for our shares of common stock. The transfer agent is responsible for all record-keeping and administrative functions in connection with the common shares and stock warrants.

## **DIVIDEND POLICY**

We don't plan to pay dividends at this time or anytime soon. The board of directors will decide on any future payment of dividends, depending on our results of operations, financial condition, capital requirements, and any other relevant factors. However, we expect to use any future earnings for operations and in the business.

**RECENT SALES OF UNREGISTERED SECURITIES.**

During the year ended June 30, 2013, the company sold a total of 525,460 shares of restricted common stock for cash proceeds of \$140,500. The shares were issued under Rule 144 of the Securities Act of 1933.

During the year ended June 30, 2013, the company received back 250,000 shares of stock that had been previously issued for services valued at \$80,000. The company and the service provided determined that the services had not been fully rendered, thus the shares were returned to the company and cancelled. The company also purchased 4,900,000 shares of common stock from a former director of the company in exchange for \$125,000, which represented a discount of 50% off the closing bid price on the date of purchase. These shares were subsequently cancelled.

During the three months ended September 30, 2013, the Company sold 50,000 shares of unregistered, restricted common stock for proceeds of \$15,000. The shares were issued under an exemption from registration provided by Rule 144 of the Securities Act of 1933.

During the three months ended December 31, 2013, the Company sold 50,000 shares of unregistered, restricted common stock for proceeds of \$15,000. Each of the recipients of those shares was an accredited investor, and each of the issuances of these shares was exempt from registration under the Securities Act in reliance on an exemption provided by Section 4(2) of that Act.

During the three months ended December 31, 2013, the Company also issued a total of 5,000,000 shares of unregistered, restricted common stock to satisfy a credit line obligation and accrued interest totaling \$907,503. The recipient of those shares was an accredited investor, and the issuances of these shares was exempt from registration under the Securities Act in reliance on an exemption provided by Section 4(2) of that Act.

On January 15, 2014, the Company issued a total of 2,036,000 shares of unregistered restricted common stock to satisfy a loan obligation of \$482,958. The recipient of those shares was an accredited investor, and the issuances of these shares was exempt from registration under the Securities Act in reliance on an exemption provided by Section 4(2) of that Act.

On January 30, 2014, the Company issued a total of 2,717,035 shares of unregistered restricted common stock satisfy loan obligations of \$150,000. Each of the recipients of those shares was an accredited investor, and each of the issuances of these shares was exempt from registration under the Securities Act in reliance on an exemption provided by Section 4(2) of that Act.

In February 2014, the company issued a total of 8,640,000 shares of unregistered restricted common stock to employees, including officers of the company, under compensation agreements entered into in prior years. The value of these shares was accrued as Common Stock Issuable in the accompanying financial statements. Each of the recipients of those shares was an accredited investor, and each of the issuances of these shares was exempt from registration under the Securities Act in reliance on an exemption provided by Section 4(2) of that Act.

During the quarter ended March 31, 2014, the company issued a total of 540,000 of unregistered restricted common stock to a third party as consideration for executing a stock purchase agreement. Each of the recipients of those shares was an accredited investor, and each of the issuances of these shares was exempt from registration under the Securities Act in reliance on an exemption provided by Section 4(2) of that Act.

During the quarter ended March 31, 2014, the company issued a total of 1,180,033 shares of unregistered restricted common stock to various third parties in exchange for cash totaling \$600,000. Each of the recipients of those shares was an accredited investor, and each of the issuances of these shares was exempt from registration under the Securities Act in reliance on an exemption provided by Section 4(2) of that Act.

During the quarter ended March 31, 2014, the company issued a total of 1,100,000 shares of restricted common stock in exchange for 15% interest in Dunn Roman Holdings-Africa (Pty) Ltd. and 10% interest in Green Gold Biotechnologies, (Pty) Ltd. In April 2014, the company agreed to issue an additional 70,000 shares to acquire the remaining 2% interest in Dunn Roman, bringing its total ownership in that entity to 100%. These shares were issued subsequent to June 30, 2014. Each of the recipients of those shares was an accredited investor, and each of the issuances of these shares was exempt from registration under the Securities Act in reliance on an exemption provided by Section 4(2) of that Act.

During the quarter ended June 30, 2014, the Company had the following issuances of unregistered securities:

86,800 shares of restricted common stock were sold to unaffiliated third parties in exchange for cash proceeds of \$40,000. Each of the recipients of those shares was an accredited investor, and each of the issuances of these shares was exempt from registration under the Securities Act in reliance on an exemption provided by Section 4(2) of that Act.

280,000 shares of unregistered common stock were issued to an unaffiliated third party on the conversion of \$55,368 in debentures and associated interest. The recipient of the shares was an accredited investor, and each of the issuances of these shares was exempt from registration under the Securities Act in reliance on an exemption provided by Section 4(2) of that Act.

618,000 shares of restricted common stock were issued to employees of the Company's subsidiary, Dunn Roman Holdings-Africa, for services previously rendered. At the time of issuance, these shares had a value of \$247,200 based on the closing bid price on the date of issuance. Each of the issuances of these shares was exempt from registration under the Securities Act in reliance on an exemption provided by Section 4(2) of that Act.

1,500,000 shares of restricted common were issued to former officers and directors of the Company's subsidiary, Dunn Roman Holdings-Africa, as part of a settlement in connection with terminating their employment and resignation from the subsidiary board of directors. At the time of issuance, the shares had a value of \$600,000 based on the closing bid price on the date of issuance. Each of the issuances of these shares was exempt from registration under the Securities Act in reliance on an exemption provided by Section 4(2) of that Act.

500,000 shares restricted common stock were issued to extend the lease and purchase option on the Company's White River, South Africa, office space, by an additional five years. At the time of issuance, the shares had a value of \$200,000 based on the closing bid price on the date of issuance. Each of the issuances of these shares was exempt from registration under the Securities Act in reliance on an exemption provided by Section 4(2) of that Act.

#### **ITEM 6. SELECTED FINANCIAL DATA.**

Not Applicable.

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.**

**ANALYSIS OF OPERATIONS**

**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

**SALES**

For the fiscal year ended June 30, 2014, sales were \$265,748 compared to sales of \$359,143 for the fiscal year ended June 30, 2013. Sales during fiscal 2014 included \$190,000 attributed to a license sold to Oasix with the balance attributable to timber sales. Sales during 2013 consisted of avocado, macadamia nuts and timber from the company's farming operations in South Africa. The company has not commenced sales of its botanical extracts and does not anticipate having product available for market until fourth quarter 2014.

**EXPENSES**

Our total expenses for the fiscal year ended June 30, 2014 were \$7,528,282 compared to \$2,053,699 in the prior year. Included in current year expenses is \$4,099,392 in Salaries and Wages, of which \$3,522,200 resulted from recording the fair market value associated the issuance of restricted common stock in accordance with compensation agreements. Also included in expenses for 2014 was \$800,000 in Consulting Expense recorded based on the fair market value of restricted common stock issued to third parties that assisted in arranging financing for the Company and \$459,000 recorded as Finance Costs resulting from the issuance of common stock to Lincoln Park Capital as consideration for extending an equity line of credit.

**OTHER INCOME/(EXPENSES)**

For the years ended June 30, 2014 and 2013, the Company reported interest expense of \$521,285 and \$265,245, respectively, an increase of \$256,040. The increase was primary due to the interest accrued on the Land Bank loans in South Africa.

For the years ended June 30, 2014 and 2013, the Company reported derivative interest expense of \$1,354,035 and \$45,227, respectively, an increase of \$1,308,808. The increase was due to the issuance of additional convertible debentures during 2014. Derivative interest is recorded using the Black-Scholes model which incorporates historic stock price volatility to estimate the potential expense associated with issuing stock on convertible instruments. As of June 30, 2014, the Company had only \$18,112 in convertible debt, which was converted into common stock in July 2014. A derivative liability of \$23,710 was recorded to account for the potential value of the stock issuable upon conversion.

Other Income for the year ended June 30, 2014 includes \$400,000 which relates to payments made by CRS Technologies as a penalty for delays in completing construction of the Senteeko extraction facility. The Company signed a settlement agreement with CRS for a total consideration of \$2,000,000; which the Company is recording as the money is received due to the uncertainty of receiving the full amount.

## **LIQUIDITY AND CAPITAL RESOURCES**

For the fiscal year ended June 30, 2014, the Company's cash used in operating activities totaled \$2,614,673, which was primarily attributable to costs in South Africa associated with getting the Senteeko estate operational. Cash used in investing activities was \$1,119,300, which consisted almost entirely of fixed asset acquisitions in South Africa. Cash provided by financing activities was \$3,391,626, the majority of which was provided by borrowings under long-term debt instruments used to purchase equipment and leasehold improvements for the South African operations. As of June 30, 2014, the Company had current assets of \$603,217 compared to current liabilities of \$236,457. Cash on hand was \$156,570.

## **PLAN OF OPERATION**

The Company executed a 49-year notarial lease, giving it control over 8,000 acres of plantation properties in South Africa. Plandaí plans to use a proprietary extraction process to create bio-available extracts using the farm produce from the plantation, with an initial emphasis on green tea and citrus extracts. During the fiscal year ended June 30, 2013 commenced rehabilitation efforts on the plantation, which involved removing overgrowth, paring the tea bushes, refurbishing housing for the laborers, and repairing the roads and bridges. The company also commenced construction on a 3,000m<sup>2</sup> extraction facility which will be commissioned and optimized before the end of Year 2014.

In August 2014, installation of the equipment at Senteeko was completed and optimization efforts commenced, which are expected to take approximately 30 days. This includes starting the boiler, installing the computer systems, setting the pressure values, and processing test batches of product in anticipation of the first tea harvest expected in late September 2014. Management currently estimates that tea harvesting and extract production will commence before the end of 2014.

Plandai also commenced several laboratory trials in preparation for releasing product to market. These trials focus on bioavailability, anti-inflammation, topical absorption, weight loss, and malaria. The Company expects to release product to market in October 2014 under the Phytofare™ brand name. First to market will be the green-tea based Phytofare™ Catechin Complex followed in June 2015 with the lemon-based Phytofare™ Limonoid Glycoside Complex.



Plandai has entered into several distribution agreements covering nutraceutical sales in North America, Europe and parts of Africa, with additional markets opening in the coming months.

The Company's long-term existence is dependent upon our ability to execute our operating plan and to obtain additional debt or equity financing to fund payment of obligations and provide working capital for operations. In April 2012, the Company through majority-owned subsidiaries of Dunn Roman Holdings, Inc., executed final loan documents on a 100 million Rand (approx. \$9.5 million USD based on current exchange rate) financing with the Land and Agriculture Bank of South Africa.

Subsequent to June 30, 2014, the company borrowed \$1.8 million from an unaffiliated third party at 6% annual interest. Principal and interest are due June 30, 2015.

## ACQUISITIONS

The company does not anticipate making any acquisitions in the coming twelve months.

## TRENDS

Green tea and green tea extracts have become ever-present in consumer products throughout Europe, Asia and the Americas. Every major beverage manufacturer has a green tea-infused product, but there are also countless other green tea-derived products that have flooded the market in recent years, including:

- Ice cream
- Soda
- Shampoo & conditioner
- Lotion and skin care products
- Nail polish
- Vitamins
- Weight loss supplements
- Food additive
- Soap

A 2008 published report estimated that the market for green tea extract would grow by more than 13% for the next seven years as demand increases in Europe and the United States. Worldwide, sales for antioxidants, primarily green tea, was \$34 billion in 2010. Sports supplements have also surged in recent years. In 2010, total worldwide sales were \$4.7 billion, of which the US market comprised 66%, and growing at a rate of 15% per year.

The Phytofare™ Citrus Limonoid Glycoside Complex targets multiple markets including sports medicine and nutrition, dietary supplements, and cold symptom relief. The market for nutraceutical market is even larger, with \$176 billion being spent on food, beverages and supplements fortified with bioactive ingredients including proteins, vitamins and minerals. Of this amount, \$48.8 billion is spent on dietary supplements alone. The United States comprises 32.8% of the worldwide market for nutraceuticals.

Initially, Plandaí will focus on developing markets within the following target industries:

- Fortification of food and beverages
- Wellness
- Dietary supplements
- Nutri-cosmetics
- Cosmeceutics
- Botanical drugs
- Athletic supplements

As food and beverage additives, Phytofare™ extracts can be added to virtually any consumable product, or converted into tablet/capsule form, to provide the health benefits in a highly bioavailable form. This creates a nearly limitless opportunity for food and beverage companies to incorporate Phytofare™-infused products into their product line. Likewise, supplement manufacturers, who have long-touted antioxidant infused-products can now begin incorporating an extract that actually delivers on their claims.

The August 2013 license agreement with North-West University covering the use of Pheroid in animal and human use provides a stable delivery tool for getting Phytofare™ to the target tissues through topical creams, capsules, or an oral liquid. The Pheroid technology entraps nano particles and protects them until absorbed by cells. The process of glycolysis then breaks down the protective coating, releasing the phytonutrients into the tissues. This technology opens up several additional products lines for Plandaí products in the area of skin care, hair care and beverages.

## **CRITICAL ACCOUNTING POLICIES**

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and judgments that affect our reported assets, liabilities, revenues, and expenses, and the disclosure of contingent assets and liabilities. We base our estimates and judgments on historical experience and on various other assumptions we believe to be reasonable under the circumstances. Future events, however, may differ markedly from our current expectations and assumptions. While there are a number of significant accounting policies affecting our financial statements, we believe the following critical accounting policies involve the most complex, difficult and subjective estimates and judgments.

### **Revenue recognition**

The Company presently derives its revenue from the sale of timber and agricultural products produced on its farm and tea estate holdings in South Africa. Revenue is recognized when the product is delivered to the customer. In 2014, the Company signed a twenty year sublease on one of its South African farms responsible for macadamia nut and avocado production. The lease requires monthly payments of \$4,200 to the Company commencing in November 2016 with escalating payments of 8% per annum over the life of the lease. The Company has recorded revenue based on a straight line basis of the value of the lease over the entire term, which has been recorded as a receivable in the accompanying financial statements.

Once production of the Company's Phytofare™ botanical extracts commence in late 2014, revenues will be recognized when product is shipped.

### **Intangible and Long-Lived Assets**

We follow Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 360, "*Property Plant and Equipment*", which establishes a "primary asset" approach to determine the cash flow estimation

period for a group of assets and liabilities that represents the unit of accounting for a long lived asset to be held and used. Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Goodwill is accounted for in accordance with ASC Topic 350, “*Intangibles – Goodwill and Other*”. We assess the impairment of long-lived assets, including goodwill and intangibles on an annual basis or whenever events or changes in circumstances indicate that the fair value is less than its carrying value. Factors that we consider important which could trigger an impairment review include poor economic performance relative to historical or projected future operating results, significant negative industry, economic or company specific trends, changes in the manner of our use of the assets or the plans for our business, market price of our common stock, and loss of key personnel. We have determined that there was no impairment of goodwill during 2013 or 2012.

### **Potential Derivative Instruments**

We periodically assess our financial and equity instruments to determine if they require derivative accounting. Instruments which may potentially require derivative accounting are conversion features of debt and common stock equivalents in excess of available authorized common shares.

### **Principles of Consolidation**

Plandaí Biotechnology, Inc. and its subsidiaries, are encompassed in the following entities, which have been consolidated in the accompanying financial statements:

|                                       |   |
|---------------------------------------|---|
| Global Energy Solutions, Ltd.         | 100% owned by Plandaí Biotechnology, Inc. |
| Cannabis Biosciences, Inc.            | 100% owned by Plandaí Biotechnology, Inc. |
| Dunn Roman Holdings—Africa, Ltd       | 100% owned by Plandaí Biotechnology, Inc. |
| Breakwood Trading 22 (Pty) Ltd.       | 74% owned by Dunn Roman Holdings-Africa   |
| Green Gold Biotechnologies (Pty) Ltd. | 84% owned by Dunn Roman Holdings-Africa   |

During the year ended June 30, 2013, the Company determined that the entity, Global Energy Solutions, was unnecessary to operations and decided to dissolve that corporation, resulting in the stock of Dunn Roman Holdings-Africa being held directly by Plandaí. All liabilities were either satisfied or forgiven and all bank accounts closed. There were no operations in Global Energy Solutions during the years ended June 30, 2014 or 2013. Global Energy Solutions went through a “voluntary strikeoff”, which then resulted in a formal dissolution.

During the year ended June 30, 2014, the Company acquired all minority interest in Dunn Roman Holdings-Africa plus an additional 12% ownership in Green Gold Biotechnologies, in exchange for 1,170,000 shares of restricted common stock. This acquisition brings the total ownership in Dun Roman to 100% and in Green Gold to 86%.

Statement of Financial Accounting Standards No. 160, *Non-controlling Interests in Consolidated Financial Statements*, establishes standards for accounting for non-controlling interest, sometimes called a minority interest, which is that portion of equity in a subsidiary not attributable, directly or indirectly, to a parent. FAS 160 requires that the minority portion of equity and net income/loss from operations of consolidated entities be reflected in the financial statements. The Company previously adopted FAS 160 and has reflected the impact in the accompanying consolidated financial statements.

All intercompany balances have been eliminated in consolidation.

### **Foreign Currency Translation**

Financial Accounting Statement No. 52, Foreign Currency Translation (FAS 52), sets forth the appropriate accounting treatment under U.S. GAAP for companies that consolidate the results of foreign operations denominated in local currencies. FAS 52 requires that all assets and liabilities be translated at the current spot rate at the date of translation. Equity items, other than retained earnings, are translated at the spot rates in effect on each related transaction date. Retained earnings are translated at the weighted-average rate for the relevant year and income statement items are translated at the average rate for the period, except where specific identification is practicable. The resulting adjustment is not recognized in current earnings, but rather as a component of other comprehensive income. The Company adopted FAS 52 in the year ended June 30, 2012 and has chosen US dollars as the local currency. The effect of adopting FAS 52 have been reflected in the accompanying consolidated financial statements.

### **OFF-BALANCE SHEET ARRANGEMENTS**

We have no off-balance sheet arrangements.

**GOING CONCERN OPINION BY COMPANY AUDITOR**

The Company's financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The financial statements do not include any adjustment relating to recoverability and classification of recorded amounts of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company has incurred a net loss for the years ended June 30, 2014 and 2013. These conditions raise substantial doubt as to the Company's ability to continue as a going concern.

The Company's continued existence is dependent upon its ability to execute its operating plan and to obtain additional debt or equity financing. There can be no assurance the necessary debt or equity financing will be available, or will be available on terms acceptable to the Company.

The Company is actively pursuing alternative financing and has had discussions with various third parties, although no firm commitments have been obtained. Management believes these efforts will generate sufficient cash flows from future operations to pay the Company's obligations and fund the Company until it can achieve profitable operations. There is no assurance any of these transactions will occur.

Management does not consider our auditor's going concern opinion problematic because we have evaluated operating practices during the years ended 2014 and 2013, and have made modifications to our present-day operations accordingly.

We intend to expand our business through sales by introducing Phytofare™ branded products in the fourth quarter of 2014. We will also seek to obtain government grants to fund research and development and are exploring the potential to sell limited licenses to the Phytofare™ product. We expect to raise capital either through a debt or equity transaction, or through the sale of licenses.

#### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not applicable.

#### **ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

The financial statements and related notes are included as part of this report as indexed in the appendix on page F-1 through F-13.

#### **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.**

In June 2012, the Company engaged Cronin & Company as the Company's independent accountant to audit the Company's financial statements and to perform reviews of interim financial statements. During the fiscal years ended June 30, 2011 and 2012 through October 1, 2012, neither the Company nor anyone acting on its behalf consulted with Cronin & Company regarding the application of any accounting principles to a specific completed or contemplated transaction of the Company, or the type of audit opinion that might be rendered by Cronin & Company on the Company's financial statements.

On December 3, 2012, the Company engaged Patrick Rodger, CPA, P.A. as the Company's independent accountant to audit the Company's financial statements and to perform reviews of interim financial statements. During the fiscal years ended June 30, 2012 and March 31, 2011 through December 3, 2012 neither the Company nor anyone acting on its behalf consulted with Patrick Rodger, CPA, P.A. regarding (i) either the application of any accounting principles to a specific completed or contemplated transaction of the Company, or the type of audit opinion that might be rendered by Patrick Rodger, CPA, P.A. on the Company's financial statements; or (ii) any matter that was either the subject of a disagreement with Michael F. Cronin, CPA or a reportable event with respect to Michael F. Cronin, CPA.

On January 22, 2014, the Registrant accepted the resignation of Patrick Rodger, CPA, P.A. ("Rodger") from his engagement to be the independent certifying accountant for the Registrant. Effective March 6, 2014, the Public Company Accounting Oversight Board ("PCAOB") revoked the registration of Patrick Rodgers, CPA, PA, due to Rogers' violations of PCAOB rules and auditing standards in auditing the financial statements and PCAOB rules and quality control standards with respect to Rogers' clients; the Registrant was not one of the clients for which Rogers was sanctioned. You can find a copy of the order at:

[http://pcaobus.org/Enforcement/Decisions/Documents/2014\\_Rodgers.pdf](http://pcaobus.org/Enforcement/Decisions/Documents/2014_Rodgers.pdf)

Other than an explanatory paragraph included in Rodger's audit report for the Registrant's fiscal years ended June 30, 2013 and 2012 relating to the uncertainty of the Registrant's ability to continue as a going concern, the audit reports of Rodger on the Registrant's financial statements for the last fiscal year ended June 30, 2013 and 2012 through January 22, 2014, did not contain an adverse opinion or a disclaimer of opinion, nor was it qualified or modified as to uncertainty, audit scope or accounting principles. During the Registrant's 2013 fiscal year and through January 22, 2014, (1) there were no disagreements with Rodger on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to the satisfaction of Rodger, would have caused Rodger to make reference to the subject matter of the disagreements in connection with their report, and (2) there were no "reportable events" as that term is defined in Item 304(a)(1)(v) of Regulation S-K.

On January 22, 2014, the Registrant's Board of Directors approved the engagement of Terry L. Johnson, CPA, as the Registrant's independent accountant effective immediately to audit the Registrant's financial statements and to perform reviews of interim financial statements. During the fiscal years ended June 30, 2013 and 2012 through January 22, 2014 neither the Registrant nor anyone acting on its behalf consulted with Terry L. Johnson, CPA regarding (i) either the application of any accounting principles to a specific completed or contemplated transaction of the Registrant, or the type of audit opinion that might be rendered by Terry L. Johnson, CPA on the Registrant's financial statements; or (ii) any matter that was either the subject of a disagreement with Rodgers or a reportable event with respect to Rodgers. Terry L. Johnson, CPA, subsequently performed a re-audit of the Company's financial statements for the years ended June 30, 2012 and 2013 and issued his opinion respective to those audits, which was included in Form 10-K/A filed with the Commission on April 29, 2014. There were no material adjustments or changes to the financial statements resulting from such re-audits.



## **ITEM 9A. CONTROLS AND PROCEDURES**

Management, including our chief executive officer and chief financial officer, as of the end of the period covered by this Annual Report on Form 10-K, we have concluded our disclosure controls and procedures (as defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934 were effective to ensure that information required to be disclosed in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

### **Changes in Internal Controls.**

There were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation. There were no significant deficiencies or material weaknesses and therefore there were no corrective actions taken. However, the design of any system of controls is based in part upon certain assumptions about the likelihood of future events and there is no certainty that any design will succeed in achieving its stated goal under all potential future considerations, regardless of how remote.

### **Management's Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. Internal control over financial reporting refers to a process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer and effected by our Board, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in connection with generally accepted accounting principles, including those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting cannot provide absolute assurance of the prevention or detection of misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In connection with the preparation of this Annual Report on Form 10-K for the year ended June 30, 2014, management, with the participation of our Chief Executive Officer, has evaluated the effectiveness of our internal controls over financial reporting, pursuant to Rule 13a-15 under the Exchange Act. Our Chief Executive Officer and Chief Financial Officer has concluded that the design and operation of our internal controls and procedures are effective as of June 30, 2014. There were no significant changes in our internal controls over financial reporting that occurred during the fourth fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

This Annual Report on Form 10-K does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit us to provide only management's report in this Annual Report on Form 10-K.

#### **ITEM 9B. OTHER INFORMATION**

Not Applicable.

### **PART III**

#### **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.**

The following table sets forth as of June 30, 2014 certain information regarding our current directors and executive officers:

| <b>Name</b>            | <b>Age</b> | <b>Position</b>  |
|------------------------|------------|--|
| Roger Duffield         | 71         | Chairman, President, Secretary and Chief Financial Officer |
| Callum Baylis-Duffield | 30         | Vice President-Sales, Director                             |
| Daron Baylis Duffield  | 63         | Director   |
| Brian Johnson          | 58         | Director   |
| Jamen Shively          | 45         | Vice President-Marketing, Director                         |

*Roger Duffield – Chairman, President, Secretary and Chief Financial Officer*

Roger Duffield has a significant background in the development and management of start-ups, private and public companies, especially in the United States, Europe and South Africa. His previous contributions in the United States public sector include Klinair Technologies Inc. and Rhombic Inc. relating to energy and hydrocarbon technologies. Through his extensive involvement with research and development programs with a number of academic institutions, including Penn State, University of Southern California, University of Washington, and the University of Limerick, Ireland, he was awarded two honorary Russian doctorates in Natural Sciences from the University of Moscow and Novosibirsk. In 2001 the Foundation for International Services, California recognized a degree in BSc. Chemical Engineering.

In 2001 he co-founded Global Energy Solutions Corporation Limited, Dublin, Ireland. Mr. Duffield now heads this group of companies specializing, through private and public investment in the farming and recovery of highly valuable botanical extracts with unique characteristics.

*Callum Baylis-Duffield – Director, Vice President*

Mr. Callum Baylis-Duffield is a graduate in International Business with French (BA Hons) from the University of the West of England. From 2007-2010, he was employed by Johnson and Johnson UK as a marketing & sales manager of a proprietary surgical device. Since 2010 he has been exclusively employed by Global Energy Solutions as the Director of Marketing and Sales and for the past 18 months has been based in South Africa where he has been integral to bringing the proprietary extract to market. Mr Baylis-Duffield has been involved with the research and development of the Plandai’s proprietary emulsions since 2004 and has worked extensively with the USA scientific team.

*Daron Baylis Duffield – Director*

Daron Baylis Duffield has a PhD in Clinical Psychology and is a consultant psychiatrist with an international practice. She is the co-founder and Director of Global Energy Solutions Corporation Limited. Born in Malawi and has lived a great deal of her life in East and Southern Africa, she has an in-depth knowledge of the malnutrition crisis, alongside the accompanying physical and psychological dilemmas facing the people of Africa. During the 1990s she worked with the Red Cross in the HIV/Aids programs in South Africa.

*Brian Johnson – Director*

Mr. Johnson is a patent attorney with a Bachelor of Science degree in Electrical Engineering and Juris Doctorate degree, both from the University of Texas, Austin and a Bachelor of Science degree in Mechanical Engineering from the University of Colorado, Boulder. He has practiced as an engineer in the United States Air Force as well as in the private sector, was previously a patent inspector, and was admitted to the Texas State Bar in 1995. Since 2008, he has served a patent counsel for Intellectual Ventures, LLC, prior to which he was Of Counsel Attorney for Davis Wright Tremaine, LLP.

*Jamen Shively – Director, Vice President-Marketing*

Jamen Shively has a background in engineering and marketing, with specialties in artificial intelligence, the modeling and optimization of complex networks, and the creation and positioning of new categories of products and services. Jamen founded Diego Pellicer Inc. in 2012, and built the brand from zero to the #1 most recognized brand of cannabis in the world in less than one year. Prior to founding Diego Pellicer, Jamen worked for Microsoft from 2003 - 2009 as Corporate Strategy Manager, where he focused on the creation and development of new categories of software products and online services. Preceding his Microsoft career he headed Shively International Inc., which built and operated both cybercafés and educational computer centers in Mexico. Before founding Shively International, he worked for Cemex in Mexico and was the designer of the Tactical System for Cemex, which, using an artificial intelligence technology which Jamen developed, determines the optimal production and distribution plan for all of Cemex cement products worldwide. Just prior to founding Diego Pellicer Inc., Jamen founded and headed the online marketplace for the specialty food industry, Findood, winning first place in the Northwest Entrepreneur Network's First Look Forum Competition for the top new startup in 2010. Jamen completed his undergraduate work at U.C. Berkeley in Civil Engineering, and did graduate work at M.I.T. and U.C. Berkeley in Civil Engineering and Materials Science. He is a Fellow of the National Science Foundation.

## **DIRECTOR COMPENSATION**

The Company does not presently have any compensation agreements with its directors.

## **TERM OF OFFICE**

The directors named above will serve until the next annual meeting of our shareholders. In absence of an employment agreement, officers hold their positions at the satisfaction of the Board of Directors.

## **FAMILY RELATIONSHIPS**

Roger Duffield and Daron Baylis Duffield are married. Callum Baylis-Duffield is the son of Roger Duffield and Daron Baylis Duffield.

## **INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS**

None of our directors or executive officers has, during the past five years,

1. have been convicted in a criminal proceeding and none of our directors or executive officers is subject to a pending criminal proceeding,
2. been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, futures, commodities or banking activities, or
3. been found by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

## **AUDIT COMMITTEE FINANCIAL EXPERT**

The Company's board of directors does not have an "audit committee financial expert," within the meaning of such phrase under applicable regulations of the Securities and Exchange Commission, serving on its audit committee. The board of directors believes that all members of its audit committee are financially literate and experienced in business matters, and that one or more members of the audit committee are capable of (i) understanding generally accepted accounting principles ("GAAP") and financial statements, (ii) assessing the general application of GAAP principles in connection with our accounting for estimates, accruals and reserves, (iii) analyzing and evaluating our financial statements, (iv) understanding our internal controls and procedures for financial reporting; and (v) understanding audit committee functions, all of which are attributes of an audit committee financial expert. However, the board of directors believes that there is not any audit committee member who has obtained these attributes through the experience specified in the SEC's definition of "audit committee financial expert." Further, like many small companies, it is difficult for the Company to attract and retain board members who qualify as "audit committee financial experts," and competition for these individuals is significant. The board believes that its current audit committee is able to fulfill its role under SEC regulations despite not having a designated "audit committee financial expert."

## **COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT**

The Company does not have a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934. Accordingly, the Company's executive officers and directors and persons who own more than 10% of its equity securities are not subject to the beneficial ownership reporting requirements of Section 16(a) of that Act. However, although not required, certain of such persons do file beneficial ownership reports with the Securities and Exchange Commission.

To the best of our knowledge and based solely upon our review of the reports filed and submitted to the Company during the fiscal year ended June 30, 2014, the Company believes that all reports were timely filed by such persons.

**ITEM 11. EXECUTIVE COMPENSATION.**

The following table provides certain summary information concerning the compensation earned by the named executive officers for the year ended June 30, 2014 and June 30, 2013, for services rendered in all capacities to the Company:

| Name & Principal Position                        | Year | Salary (\$) | Bonus (\$) | Stock Awards (\$) | Option Awards (\$) | Non-Equity Incentive Plan Compensation (\$) | Nonqualified Deferred Compensation Earnings (\$) | All Other Compensation (\$) | Total (\$) |
|--|------|-------------|------------|-------------------|--------------------|---|--|-----------------------------|------------|
| Roger Duffield.                                  |      |             |            |                   |                    |   |  |                             |            |
| CEO, CFO and Director                            | 2013 | \$20,000    | -0-        | 120,000           | -0-                | -0-   | -0-  | -0-                         | 140,000    |
|  | 2014 | 117,500     | -0-        | 500,000           | -0-                | -0-   | -0-  | -0-                         | 617,000    |
| Callum Baylis-Duffield, Director, Vice President |      |             |            |                   |                    |   |  |                             |            |
|  | 2013 | \$20,000    | -0-        | 60,000            | -0-                | -0-   | -0-  | -0-                         | 80,000     |
|  | 2014 | 95,000      | -0-        | 250,000           | -0-                | -0-   | -0-  | -0-                         | 345,000    |
| Daron Baylis Duffield, Director                  |      |             |            |                   |                    |   |  |                             |            |
|  | 2013 | -0-         | -0-        | 6,000             | -0-                | -0-   | -0-  | -0-                         | 6,000      |
|  | 2014 | 10,000      | -0-        | 60,000            | -0-                | -0-   | -0-  | -0-                         | 70,000     |
| Brian Johnson                                    |      |             |            |                   |                    |   |  |                             |            |
| Director   | 2013 | -0-         | -0-        | 6,000             | -0-                | -0-   | -0-  | -0-                         | 6,000      |
|  | 2014 | -0-         | -0-        | 60,000            | -0-                | -0-   | -0-  | -0-                         | 60,000     |
| Jamen Shively                                    |      |             |            |                   |                    |   |  |                             |            |
| Director, Vice President                         | 2013 | -0-         | -0-        | -0-               | -0-                | -0-   | -0-  | -0-                         | -0-        |
|  | 2014 | 9,000       | -0-        | -0-               | -0-                | -0-   | -0-  | -0-                         | 9,000      |

We do not have a long-term incentive plan or arrangement of compensation with any individual in the group of officers and directors except as listed below:

In March 2013, the Company executed five-year employment contract with Roger Duffield, who serves as Chief Executive Officer and Chief Financial Officer. The contract stipulates that Roger Duffield is to be paid an annual

salary of \$180,000 once certain conditions were met, which happened in January 2014. The contract also calls for an annual payment of 2,000,000 common shares of Plandaí stock at the completion of each year of the contract.

In March 2013, the Company executed five-year employment contract with Callum Baylis Duffield, who serves as Vice President of Sales and Marketing and also as President of the company's nutraceutical division. The contract stipulates that Callum Baylis Duffield is to be paid an annual salary of \$120,000. The contract also calls for an annual payment of 1,000,000 common shares of Plandaí stock at the completion of each year of the contract.

## **EMPLOYMENT AGREEMENTS**

All of the company's employees operate under employment contracts pursuant to South African labor laws. These contracts vary in term and compensation depending on the individual employee and their position within the company.

## **STOCK OPTION GRANTS AND EXERCISES**

We granted no stock options to any of our officers or directors.

## **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.**

The following table sets forth information regarding the beneficial ownership of our common stock with respect to each of our executive officers, each of our directors, each person known by us to own beneficially more than 5% of the common stock, and all of our directors and executive officers as a group. Each individual or entity named has sole investment and voting power with respect to shares of common stock indicated as beneficially owned by them, except where otherwise noted.



| Name and Address <sup>(1)</sup>                            | Number of Shares Beneficially Owned <sup>(2)</sup> | Class   | Percentage Beneficially Owned <sup>(3)</sup> |
|--|--|---------|--|
| Roger Duffield   |  |         |  |
| Chairman, President, Secretary and Chief Financial Officer | 62,169,835 <sup>(4)</sup>                          | Common  | 47.5%  |
| Callum Baylis-Duffied, VP-Sales                            | 3,732,000  | Common  | 2.8  |
| Daron Baylis Duffield                                      |  |         |  |
| Director   | 58,009,935 <sup>(4)</sup>                          | Common  | 44.3%  |
| Brian Johnson  |  |         |  |
| Director   | 7,287,065  | Common  | 5.6%   |
| Jamen Shively  |  |         |  |
| Director   | -  | Common* |  |
| All Officers and Directors as a group (6 in number)        | 68,012,900   | Common  | 64%  |

(1) Unless otherwise stated, the address of all persons is 2226 Eastlake Avenue East #156, Seattle, WA 98102.

(2) The information contained in this table with respect to beneficial ownership reflects "beneficial ownership" as defined in Rule 13d-3 under the Exchange Act. All information with respect to the beneficial ownership of any shareholder has been furnished by such shareholder and, except as otherwise indicated or pursuant to community property laws, each shareholder has sole voting and investment power with respect to shares listed as beneficially owned by such shareholder. Pursuant to the rules of the Commission, in calculating percentage ownership, each person is deemed to beneficially own shares subject to options or warrants exercisable within 60 days of the date of this Filing, but shares subject to options or warrants owned by others (even if exercisable within 60 days) are deemed not to be outstanding.

(3) The above percentages are based on 131,008,628 shares of common stock outstanding as of June 30, 2013.

(4) Includes 57,319,935 shares held by a trust of which Roger Duffield and Daron Baylis-Duffield are equal beneficiaries.

## CHANGES IN CONTROL

We are unaware of any contract or other arrangement, the operation of which may, at a subsequent date, result in a change in control of our Company. Presently in the by-laws there are no provisions that could delay a change in control of the Company.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE**

To the best of our knowledge, there are no other transactions involving any Director, Executive Officer, any nominee for election as a Director or Officer, or any 5% shareholder who is a beneficial owner or any member of the immediate family of the same, except as listed below:

As of June 30, 2014 and 2013, the Company has accounts payable to related parties totaling \$2,949 and \$145,822 which consists primarily of amounts owed to officers and directors of the company relating to expenses paid on behalf of the company.

As of June 30, 2013, the Company had outstanding loans from the Company's Chief Executive Officer in the amount of \$501,518. These loans were provided in prior years for short-term working capital purposes and bore interest at a rate of 4%. On February 5, 2014, the loans and all associated accrued interest were converted into 2,036,000 shares of the Company's restricted common stock.

As of June 30, 2014, the Company was owed a total of \$436,002 from a company, Red Gold Biotechnologies (Pty) Ltd., of which Roger Duffield, our Chief Executive Officer, was the sole director. Red Gold Biotechnologies was established to process and invoice payments to third party vendors associated with construction of the Senteeko production facility in order to maximize the refund of VAT (Value Added Tax) from South Africa. Accordingly, construction costs paid directly by Dunn Roman were recorded as a receivable from Red Gold. Subsequent to June 30, 2014, the company was merged with Dunn Roman Holdings-Africa, Plandai's wholly-owned subsidiary, and the receivable balance was transferred to fixed assets. There were no revenues or expenses associated with Red Gold and Mr. Duffield derived no economic benefit from the transaction. All VAT refunds were deposited with Dunn Roman.

**ITEM 14. PRINCIPAL ACCOUNTANT FEES & SERVICES.**

The following is a summary of the fees billed to the Company by the Company's auditors for professional services rendered during 2014 and 2013:

|                    | 2014     | 2013     |
|--------------------|----------|----------|
| Audit Fees         | \$39,000 | \$34,000 |
| Audit-Related Fees | —        | —        |
| Tax Fees           | —        | —        |
| Total              | \$39,000 | \$34,000 |

**AUDIT FEES.** Consist of fees billed for professional services rendered for the audits of our consolidated financial statements included in our annual report, reviews of our interim consolidated financial statements included in quarterly reports, other services performed in connection with filings with the Securities and Exchange Commission and related comfort letters and other services that were provided by Terry L. Johnson, CPA and Patrick Rodgers, CPA, and in connection with statutory and regulatory filings or engagements.

**TAX FEES.** Consist of fees billed for professional services for tax compliance, tax advice and tax planning. These services include assistance regarding federal, state and local tax compliance and consultation in connection with various transactions and acquisitions.

**ALL OTHER FEES.** Consist of fees billed for products and services provided by the principal accountant other than Audit Fees, Audit-Related Fees and Tax Fees.

**ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES**

| <b>Exhibit</b> | <b>Exhibit Description</b>  | <b>Filed<br/>herewith</b> | <b>Incorporated by reference</b> |                          |                                    |
|----------------|---|---------------------------|----------------------------------|--------------------------|------------------------------------|
|                |   |                           | <b>Form</b>                      | <b>Period<br/>ending</b> | <b>Exhibit<br/>Filing<br/>date</b> |
| 3.1            | Plandaí Biotechnology, Inc. Articles<br>Plandaí Biotechnology, Inc.                                   |                           | 10SB-12G                         |                          | 3.1 3/6/2005                       |
| 3.2            | By-Laws   |                           | 10SB-12G                         |                          | 3.2 3/6/2005                       |
|                | The Shamile Communal Property Association Lease   |                           |                                  |                          |                                    |
| 31.1           | Certification of Chief Executive Officer pursuant to<br>Section 302 of the Sarbanes-Oxley Act of 2002 | X                         |                                  |                          |                                    |
| 31.2           | Certification of Chief Financial Officer pursuant to<br>Section 302 of the Sarbanes-Oxley Act of 2002 | X                         |                                  |                          |                                    |
| 32.1           | Certification of Chief Executive Officer pursuant to<br>Section 906 of the Sarbanes-Oxley Act of 2002 | X                         |                                  |                          |                                    |
| 32.2           | Certification of Chief Financial Officer pursuant to<br>Section 906 of the Sarbanes-Oxley Act of 2002 | X                         |                                  |                          |                                    |
| 101.INS        | XBRL Instance Document  | X                         |                                  |                          |                                    |
| 101.SCH        | XBRL Taxonomy Extension Schema Document   | X                         |                                  |                          |                                    |
| 101.CAL        | XBRL Taxonomy Extension Calculation Linkbase<br>Document  | X                         |                                  |                          |                                    |
| 101.LAB        | XBRL Taxonomy Extension Label Linkbase<br>Document  | X                         |                                  |                          |                                    |
| 101.PRE        | XBRL Taxonomy Extension Presentation Linkbase<br>Document   | X                         |                                  |                          |                                    |
| 101.DEF        | XBRL Taxonomy Extension Definition Linkbase<br>Definition   | X                         |                                  |                          |                                    |

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To The Board of Directors and shareholders of

Plandai Biotechnology, Inc.

Seattle, Washington

I have audited the accompanying consolidated balance sheets of Plandai Biotechnology, Inc. (the “Company”) as of June 30, 2014 and 2013 and the related consolidated statements of operations, stockholders’ deficit and cash flows for the years ended June 30, 2014 and 2013, and the related notes to the consolidated financial statements.

**Management’s Responsibility for Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United State 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**

My responsibility is to express an opinion on these consolidated financial statements based on my audits. I conducted my audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor was I engaged to perform, an audit of its internal control over financial reporting. My audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, I express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

**Opinion**

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of June 30, 2014 and 2013 and the consolidated results of its operations and its cash flows for the years ended June 30, 2014 and 2013, in conformity with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has incurred a deficit of approximately \$26 million and has used approximately \$44 million of cash due to its operating activities in the two years ended June 30, 2014. The Company may not have adequate readily available resources to fund operations through June 30, 2015. This raises substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Terry L. Johnson, CPA

Casselberry, Florida

October 7, 2014

**PLANDAI BIOTECHNOLOGY, INC.**  
**CONSOLIDATED BALANCE SHEETS**

|  | June 30,<br>2014 | June 30,<br>2013 |
|--|------------------|------------------|
| <b>ASSETS</b>  |                  |                  |
| Current Assets:  |                  |                  |
| Cash   | \$ 156,570       | \$ 498,917       |
| Inventory  | 2,521            | 6,439            |
| Related Party Loan Receivable  | 426,444          | -                |
| Accounts Receivable  | 8,125            | 13,638           |
| Total Current Assets   | 593,660          | 518,994          |
| Deposits   | 83,366           | 10,648           |
| Other Assets   | 150,630          | 380,929          |
| Fixed Assets – Net   | 8,855,759        | 7,924,910        |
| Total Assets   | \$ 9,683,415     | \$ 8,835,482     |
| <b>LIABILITIES &amp; STOCKHOLDERS' DEFICIT</b>   |                  |                  |
| Current Liabilities:   |                  |                  |
| Accounts Payable and Accrued Expenses  | \$ 142,623       | \$ 516,006       |
| Accounts Payable to Related Parties  | 2,949            | 145,822          |
| Accrued Interest   | 39,505           | 93,184           |
| Convertible Notes Payable  | 18,112           | 103,500          |
| Derivative Liability   | 23,710           | 45,227           |
| Total Current Liabilities  | 226,900          | 903,739          |
| Loans from Related Party   | -                | 501,518          |
| Capitalized Lease Obligation   | 1,358,982        | 988,381          |
| Credit Line  | -                | 752,503          |
| Long Term Debt, Net of Discount  | 11,636,867       | 9,173,702        |
| Total Liabilities  | 13,222,748       | 12,319,844       |
| Stockholders' Deficit  |                  |                  |
| Common Stock, Par Value \$0.0001, of which 131,008,628 and 106,270,760 shares issued and outstanding | 13,101           | 10,628           |
| Common Stock Issuable  | 1,480,007        | 261,600          |
| Additional Paid-In Capital   | 21,946,732       | 7,833,976        |
| Retained Deficit   | (25,957,163)     | (10,903,811)     |
| Cumulative Foreign Currency Translation Adjustment   | 314,649          | 169,437          |
| Total Stockholders' Deficit  | (2,202,674)      | (2,628,171)      |
| Non-controlling Interest   | (1,336,660)      | (856,191)        |
| Stockholders' Deficit Allocated to Plandai Biotechnology   | (3,539,334)      | (3,484,362)      |
| Total Liabilities and Stockholders' Deficit  | \$ 9,683,415     | \$ 8,835,482     |

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





PLANDAI BIOTECHNOLOGY, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS

|   | Year Ended      |              |
|---|-----------------|--------------|
|   | June 30,        |              |
|   | 2014            | 2013         |
| Revenues  | \$265,748       | \$359,143    |
| Cost of Goods Sold                                  | 690,943         | 963,209      |
| Gross Profit  | (425,195 )      | (604,066 )   |
| Expenses:   |                 |              |
| Salaries & Wages                                    | 4,099,392       | 764,230      |
| Rent  | 542,885         | 477,766      |
| Utilities   | 56,401          | 15,003       |
| Insurance   | 36,631          | 71,601       |
| Consulting  | 828,779         | —            |
| Finance Cost  | 459,000         | —            |
| Professional Services                               | 157,062         | 231,074      |
| Depreciation  | 188,561         | 135,039      |
| General & Administrative                            | 1,159,571       | 358,985      |
| Total Expenses                                      | 7,528,282       | 2,053,698    |
| Operating Income (Loss)                             | (7,953,477 )    | (2,657,764 ) |
| Other Income/(Expense):                             |                 |              |
| Other Income  | 403,991         | —            |
| Interest Expense                                    | (521,285 )      | (265,245 )   |
| Loss on Impairment of License                       | (5,705,022 )    | —            |
| Derivative Interest                                 | (1,758,026 )    | (45,227 )    |
| Total Other Income/(Expense):                       | (7,580,342 )    | (310,472 )   |
| Net Income (Loss)                                   | (15,533,819 )   | (2,968,236 ) |
| Income (Loss) Allocated to Non-controlling Interest | 480,469         | 780,231      |
| Net Loss, Adjusted                                  | (15,053,350 )   | (2,188,005 ) |
| Other Comprehensive Income (loss):                  |                 |              |
| Foreign Currency Translation Adjustment             | 145,212         | 165,212      |
| Comprehensive Income (Loss)                         | \$(14,908,138 ) | (2,022,793 ) |
| Basic & diluted loss per share                      | \$(0.13 )       | (0.02 )      |
| Weighted Avg. Shares Outstanding                    | 114,715,116     | 110,895,300  |

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

PLANDAI BIOTECHNOLOGY, INC  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT

|  | Shares<br>Outstanding | Common<br>Stock | Additional<br>Paid-in<br>Capital | Stock<br>Payable | Retained<br>Deficit | Minority<br>Interest | Cumulative<br>Currency<br>Translation<br>Adjustment | Total<br>Equity |
|--|-----------------------|-----------------|----------------------------------|------------------|---------------------|----------------------|---|-----------------|
| Balance as<br>of June 30,<br>2012  | 110,895,300           | \$11,090        | \$7,894,278                      | \$—              | \$(8,715,808 )      | \$(75,959 )          | \$4,225   | \$(882,1        |
| Forgiveness<br>of<br>shareholder<br>loan interest  | —                     | —               | 3,736                            | —                | —                   | —                    | —   | 3,736           |
| Stock<br>issued for<br>cash  | 525,460               | 53              | 140,447                          | —                | —                   | —                    | —   | 140,50          |
| Cancelled<br>shares<br>Stock<br>issuable to<br>officers and<br>directors<br>for services | (5,150,000 )          | (515 )          | (204,485 )                       | —                | —                   | —                    | —   | (205,0          |
| Foreign<br>currency<br>translation<br>adjustment   | —                     | —               | —                                | 261,600          | —                   | —                    | —   | 261,60          |
| Net loss for<br>year ended<br>June 30,<br>2013   | —                     | —               | —                                | —                | (2,188,005 )        | (780,231 )           | —   | (2,968          |
| Balance as<br>of June 30,<br>2013  | 106,270,760           | 10,628          | 7,833,976                        | 261,600          | (10,903,813)        | (856,191 )           | 169,437   | (3,484          |
| Stock<br>issued for<br>cash  | 1,316,833             | 132             | 654,868                          | —                | —                   | —                    | —   | 655,00          |
| Foreign<br>currency<br>translation<br>adjustment   | —                     | —               | —                                | —                | —                   | —                    | 145,212   | 145,2           |
| Stock<br>Issued for<br>services  | 9,998,000             | 1,000           | 3,102,800                        | 1,218,400        | —                   | —                    | —   | 4,322,          |

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|   |             |           |               |              |                |               |              |
|---|-------------|-----------|---------------|--------------|----------------|---------------|--------------|
| Stock issued for financing costs          | 540,000     | 54        | 458,946       | —            | —              | —             | 459,000      |
| Stock issued to acquire minority interest | 1,100,000   | 110       | (7 ) 7        | —            | —              | —             | 110          |
| Shares issued for settlement costs        | 2,000,000   | 200       | 799,800       | —            | —              | —             | 800,000      |
| Cancelled shares                          | (250,000 )  | (25 )     | 25            | —            | —              | —             | —            |
| Shares issued to retire debt              | 10,033,035  | 1,003     | 1,611,869     | —            | —              | —             | 1,612,000    |
| Warrants issued to acquire license        | —           | —         | 5,705,022     | —            | —              | —             | 5,705,000    |
| Reduction in derivative liability         | —           | —         | 1,779,433     | —            | —              | —             | 1,779,000    |
| Net loss for year ended June 30, 2014     | —           | —         | —             | —            | (15,053,350)   | (480,469 )    | (15,533,819) |
| Balance as of June 30, 2014               | 131,008,628 | \$ 13,101 | \$ 21,946,732 | \$ 1,480,007 | \$(25,957,163) | \$(1,336,660) | \$ 314,649   |

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

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PLANDAI BIOTECHNOLOGY, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS

|   | Year Ended     |               |
|---|----------------|---------------|
|   | June 30,       |               |
|   | 2014           | 2013          |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                    |                |               |
| Net Loss  | \$(15,533,819) | \$(2,968,237) |
| Adjustments to reconcile net loss to net cash provided by operating activities: |                |               |
| Depreciation  | 188,561        | 135,039       |
| Foreign Currency Translation Adjustment   | 145,212        | 165,212       |
| Forgiveness of Interest   | —              | 3,736         |
| Stock Issued or Payable for Services  | 4,322,200      | 181,600       |
| Stock Issued for Financing Costs  | 459,000        | —             |
| Derivative Liability  | 1,779,433      | 45,227        |
| Capitalized Lease Obligation  | 370,601        | 395,742       |
| Shares Issued for Settlement Costs  | 800,000        | —             |
| Loss on Impairment of License   | 5,705,022      |               |
| Increase in Deposits & Prepaid Expenses   | (72,718 )      | (10,647 )     |
| Increase in Related Party Receivable  | (426,444 )     | 0             |
| Decrease (Increase) in Accounts Receivable                                      | 5,514          | (13,638 )     |
| Decrease (Increase) in Inventory  | 3,918          | (6,439 )      |
| Decrease (Increase) in Other Assets   | 230,299        | (358,861 )    |
| (Decrease) Increase in Accounts Payable and Accrued Expenses                    | (373,383 )     | 451,684       |
| (Decrease) Increase in Related Party Payables                                   | (142,873 )     | 137,882       |
| (Decrease) Increase in Accrued Interest   | (53,679 )      | 64,965        |
| Net Cash Provided by (Used in) Operating Activities                             | (2,593,156 )   | (1,776,735)   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                    |                |               |
| Stock Issued to Acquire Minority Interest                                       | 110            | —             |
| Loans to Related Parties  | —              | (26,385 )     |
| Purchase of Fixed Assets  | (1,119,410 )   | (2,030,122)   |
| Net Cash Used in Investing Activities   | (1,119,300 )   | (2,056,507)   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                                    |                |               |
| Increase in Long-term Debt, Net of Discount                                     | 2,463,164      | 3,944,712     |
| Borrowings under Convertible Notes  | 226,945        | 103,500       |
| Borrowings under Credit Line  | 25,000         | 138,335       |
| Proceeds from the Sale of Stock   | 655,000        | 140,500       |
| Net Cash Provided by (Used in) Financing Activities                             | 3,370,109      | 4,327,047     |
| Net (Decrease) Increase in Cash and Cash Equivalents                            | (342,347 )     | 493,805       |
| Cash and Cash Equivalents at Beginning of Period                                | 498,917        | 5,112         |
| Cash and Cash Equivalents at End of Period                                      | \$ 156,570     | \$ 498,917    |
| <b>NON-CASH ACTIVITIES:</b>   |                |               |
| Stock Issued to Retire Debt   | \$ 1,612,872   | \$—           |

SUPPLEMENTAL CASH FLOW INFORMATION:

Cash paid during the year for:

|              |     |     |
|--------------|-----|-----|
| Interest     | \$— | \$— |
| Income taxes | \$— | \$— |

The accompany notes are an integral part of these consolidated financial statements.

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**PLANDAI BIOTECHNOLOGY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

**NOTE 1 - NATURE OF OPERATIONS AND GOING CONCERN**

Plandaí Biotechnology, Inc.'s (the "Company" or "Plandaí") consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The financial statements do not include any adjustment relating to recoverability and classification of recorded amounts of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company's continued existence is dependent upon its ability to continue to execute its operating plan and to obtain additional debt or equity financing. There can be no assurance the necessary debt or equity financing will be available, or will be available on terms acceptable to the Company.

Plandaí and its subsidiaries focus on the production of proprietary botanical extracts for the nutraceutical and pharmaceutical industries. The company grows much of the live plant material used in its products on a 3,000 hectare estate it operates under a 49-year notarial lease in the Mpumalanga region of South Africa. Plandaí uses a proprietary extraction process that is designed to yield highly bioavailable products of pharmaceutical-grade purity. The first product to be brought to market is Phytofare™ Catechin Complex, a green-tea derived extract that has multiple potential wellness applications. The company's principle holdings consist of land, farms and infrastructure in South Africa. The Company is actively pursuing additional financing and has had discussions with various third parties, although no firm commitments have been obtained. Management believes these efforts will generate sufficient cash flows from future operations to pay the Company's obligations and realize positive cash flow. There is no assurance any of these transactions will occur.

**Organization**

On November 17, 2011, the Company, through its wholly-owned subsidiary, Plandaí Biotechnologies, Inc., consummated a share exchange with Global Energy Solutions, Inc. ("GES"), an Irish corporation. Under the terms of the share exchange, GES received 76,000,000 shares of the Company's common stock that had been previously issued to Plandaí in exchange for 100% of the issued and outstanding capital of GES. Concurrent with the share exchange, the Company sold its subsidiary, Diamond Ranch, Ltd., together with its wholly-owned subsidiary, Executive Seafood, Inc., to a former officer and director of the Company. Under the terms of the sale, the purchasers assumed all associated debt as consideration. During the three months ended September 30, 2011 and through the date of the share exchange, Diamond Ranch, Ltd. and Executive Seafood, Inc. generated a net loss of \$126,000, and as of September 30, 2011, liabilities exceeded assets by over \$5,000,000. The Company subsequently changed its name to Plandaí Biotechnology, Inc. and dissolved GES.

For accounting purposes, the share exchange has been treated as a reverse merger since the acquired entity now forms the basis for operations and the transaction resulted in a change in control, with the acquired company electing to become the successor issuer for reporting purposes. The accompanying financial statements have been prepared to reflect the assets, liabilities and operations of Plandai Biotechnology, Inc. exclusive of Diamond Ranch Foods since the acquisition and sale were executed simultaneously. For equity purposes, the shares issued to acquire GES (76,000,000 shares) have been shown to be issued and outstanding since inception, with the previous balance outstanding (25,415,300 shares Common) treated as a new issuance as of the date of the share exchange. The additional paid-in capital and retained deficit shown are those of Plandai and its subsidiary operations.

In management's opinion, all adjustments necessary for a fair statement of the results for the presented periods have been made. All adjustments made were of a normal recurring nature.

### **Basis of Presentation**

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

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## **NOTE 2 – SUMMARY OF ACCOUNTING POLICIES**

This summary of accounting policies for Plandai Biotechnology, Inc. and its wholly-owned subsidiaries, is presented to assist in understanding the Company's financial statements. The accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

### **Use of Estimates**

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. In preparing the financial statements, management is required to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the balance sheet and statement of operations for the year then ended. Actual results may differ from these estimates. Estimates are used when accounting for allowance for bad debts, collect ability of accounts receivable, amounts due to service providers, depreciation and litigation contingencies, among others.

### **Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents to the extent the funds are not being held for investment purposes.

### **Revenue recognition**

The Company presently derives its revenue from the sale of timber and agricultural products produced on its farm and tea estate holdings in South Africa. Revenue is recognized when the product is delivered to the customer. Once production of the Company's Phytofare™ botanical extracts commence in 2014, revenues will be recognized when product is shipped.

### **Concentration of Credit Risk**

The Company has no significant off-balance sheet concentrations of credit risk such as foreign exchange contracts, options contracts or other foreign hedging arrangements.

### **Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and amortization. The Company provides for depreciation and amortization using the straight-line method over the estimated useful lives of the related assets, which range from three to five years. Maintenance and repair costs are expensed as they are incurred while renewals and improvements which extend the useful life of an asset are capitalized. At the time of retirement or disposal of property and equipment, the cost and related accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is reflected in the results of operations.

### **Impairment of Long-Lived Assets**

In accordance with ASC Topic 360, formerly SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be fully recoverable. The assessment of possible impairment is based on the Company's ability to recover the carrying value of its asset based on estimates of its undiscounted future cash flows. If these estimated future cash flows are less than the carrying value of the asset, an impairment charge is recognized for the difference between the asset's estimated fair value and its carrying value. As of the date of these financial statements, the Company is not aware of any items or events that would cause it to adjust the recorded value of its long-lived assets for impairment.

### **Net Loss per common share**

The Company adopted FASB ASC Topic 260, *Earnings Per Share*. Basic earnings per share is based on the weighted effect of all common shares issued and outstanding and is calculated by dividing net income (loss) available to common stockholders by the weighted average shares outstanding during the period. Diluted earnings per share is calculated by dividing net income available to common stockholders by the weighted average number of common shares used in the basic earnings per share calculation plus the number of common shares, if any, that would be issued assuming conversion of all potentially dilutive securities outstanding. For all periods diluted earnings per share is not presented, as potentially issuable securities are anti-dilutive.

The Company issued warrants to purchase 5,000,000 shares of the Company's common stock which have a strike price of \$0.01/share; however, since the Company incurred a loss for all periods presented, the warrants are considered anti-dilutive.

There are 92,985 potentially dilutive shares of common stock outstanding as of June 30, 2014 which derive from our outstanding convertible debentures.

## **Income Taxes**

The Company accounts for income taxes under ASC Topic 740, formerly SFAS No. 109, *Accounting for Income Taxes*, as clarified by ASC Topic 740, formerly FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, (“FIN No. 48”). Deferred tax assets and liabilities are determined based upon differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized.

The Company adopted the provisions of ASC Topic 740, formerly FIN No. 48 on January 1, 2007. Previously, the Company had accounted for tax contingencies in accordance with Statement of Financial Accounting Standards No. 5, *Accounting for Contingencies*. As required by ASC Topic 450, formerly FIN No. 48, the Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. At the adoption date, the Company applied ASC Topic 740, formerly FIN No. 48 to all tax positions for which the statute of limitations remained open. As a result of the implementation of ASC Topic 740, formerly FIN No. 48, the Company did not recognize any change in the liability for unrecognized tax benefits.

The Company is subject to income taxes in the U.S. federal jurisdiction and that of South Africa. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. With few exceptions, the Company is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for the years before April 1, 2007.

The Company is not currently under examination by any federal or state jurisdiction.

The Company’s policy is to record tax-related interest and penalties as a component of operating expenses.

## **Off-Balance Sheet Arrangements**

We have no off-balance sheet arrangements.

### **Emerging Growth Company**

We qualify as an “emerging growth company” under the 2012 JOBS Act. Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. As an emerging growth company, we can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of the benefits of this extended transition period.

### **Fair Value of Financial Instruments**

Fair value of certain of the Company’s financial instruments including cash and cash equivalents, accounts receivable, account payable, accrued expenses, notes payables, and other accrued liabilities approximate cost because of their short maturities. The Company measures and reports fair value in accordance with ASC 820, “Fair Value Measurements and Disclosure” defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosures about fair value investments.

Fair value, as defined in ASC 820, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset should reflect its highest and best use by market participants, principal (or most advantageous) markets, and an in-use or an in-exchange valuation premise. The fair value of a liability should reflect the risk of nonperformance, which includes, among other things, the Company’s credit risk.

Valuation techniques are generally classified into three categories: the market approach; the income approach; and the cost approach. The selection and application of one or more of the techniques may require significant judgment and are primarily dependent upon the characteristics of the asset or liability, and the quality and availability of inputs. Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 also provides fair value hierarchy for inputs and resulting measurement as follows:

#### Level 1

Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities; The Company values its available for sale securities using Level 1.

#### Level 2

Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities; and

#### Level 3

Unobservable inputs for the asset or liability that are supported by little or no market activity and that are significant to the fair values.

Fair value measurements are required to be disclosed by the Level within the fair value hierarchy in which the fair value measurements in their entirety fall. Fair value measurements using significant unobservable inputs (in Level 3 measurements) are subject to expanded disclosure requirements including a reconciliation of the beginning and ending balances, separately presenting changes during the period attributable to the following: (i) total gains or losses for the period (realized and unrealized), segregating those gains or losses included in earnings, and a description of where those gains or losses included in earnings are reported in the statement of income.

#### **Advertising**

Advertising costs are expensed as incurred.

### **Principles of Consolidation**

Plandaí Biotechnology, Inc. and its subsidiaries, are encompassed in the following entities, which have been consolidated in the accompanying financial statements:

|                                       |   |
|---------------------------------------|---|
| Global Energy Solutions, Ltd.         | 100% owned by Plandaí Biotechnology, Inc. |
| Cannabis Biosciences, Inc.            | 100% owned by Plandaí Biotechnology, Inc. |
| Dunn Roman Holdings—Africa, Ltd       | 100% owned by Plandaí Biotechnology, Inc. |
| Breakwood Trading 22 (Pty) Ltd.       | 74% owned by Dunn Roman Holdings-Africa   |
| Green Gold Biotechnologies (Pty) Ltd. | 84% owned by Dunn Roman Holdings-Africa   |

During the year ended June 30, 2013, the Company determined that the entity, Global Energy Solutions, was unnecessary to operations and decided to dissolve that corporation, resulting in the stock of Dunn Roman Holdings-Africa being held directly by Plandaí. All liabilities were either satisfied or forgiven and all bank accounts closed. There were no operations in Global Energy Solutions during the periods presented. Global Energy Solutions was officially dissolved during the year ended June 30, 2013.

All intercompany balances have been eliminated in consolidation.

### **Straight-lining of Lease Obligation**

Plandaí's subsidiaries have two long-term, material leases which either have escalating terms or included several months of "free" rent, including the 49-year notarial lease for the Senteeko Tea Estate. In accordance with US Generally Accepted Accounting Principles, the Company has calculated a straight-line monthly cost on the leases and recorded the corresponding difference between the amount actually paid and the amount calculated as a Capitalized Lease Obligation. As of June 30, 2014, the amount of this deferred liability was \$1,358,982.

Plandaí's subsidiary, Dunn Roman Holdings – Africa (Pty) Ltd., executed a sublease on the Bonakado Farm in South Africa to a third party. Bonakado currently farms avocado and macadamia nuts, neither of which factor into the company's future business model. The lease is for 20 years and includes 24 months of deferred rent while the farm is rehabilitated by the sub-lessor. In accordance with US Generally Accepted Accounting Principles, the Company has calculated a straight-line monthly value attributable to the lease and recorded the corresponding difference between

the amount actually paid and the amount calculated as a Lease Receivable in Other Assets. As of June 30, 2014, the amount of this receivable was \$45,249 (R478,667).

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## Recent Accounting Pronouncements

Recent accounting pronouncements that the Company has adopted or that will be required to adopt in the future are summarized below.

The entity is also required to present on the face of the financial statements reclassification adjustments for items that are reclassified from other comprehensive income to net income in the statement(s) where the components of net income and the components of comprehensive income are presented. The amendments in this update should be applied retrospectively, and are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011.

In September 2011, the FASB issued an accounting update that gives companies the option to make a qualitative evaluation about the likelihood of goodwill impairment. Companies will be required to perform the two-step impairment test only if it concludes that the fair value of a reporting unit is more likely than not less than its carrying value. The accounting update is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. We did not early adopt this guidance and do not believe our adoption of the new guidance in 2012 will have a material impact on our consolidated financial position, results of operations or cash flows.

In December 2011, the FASB issued an accounting update that will add new disclosure requirements for entities with recognized financial instruments that are appropriately offset on the balance sheet or that are subject to a master netting arrangement. The accounting update is effective for periods beginning on or after January 1, 2013 with retrospective presentation. We do not believe this guidance will have a material impact on our presentation and disclosure.

Financial Accounting Statement No. 52, Foreign Currency Translation (FAS 52), sets forth the appropriate accounting treatment under U.S. GAAP for companies that consolidate the results of foreign operations denominated in local currencies. FAS 52 requires that all assets and liabilities be translated at the current spot rate at the date of translation. Equity items, other than retained earnings, are translated at the spot rates in effect on each related transaction date. Retained earnings are translated at the weighted-average rate for the relevant year and income statement items are translated at the average rate for the period, except where specific identification is practicable. The resulting adjustment is not recognized in current earnings, but rather as a component of other comprehensive income. The Company adopted FAS 52 in the year ended June 30, 2012 and has chosen US dollars as the local currency. The effect of adopting FAS 52 have been reflected in the accompanying consolidated financial statements.



Statement of Financial Accounting Standards No. 35, *Capitalization of Interest Costs*, establishes standards for capitalizing interest cost as part of the historical cost of acquiring certain assets. To qualify for interest capitalization, assets must require a period of time to get them ready for their intended use. In the year Ended June 30, 2012, the Company borrowed funds to commence the construction of a manufacturing facility which is expected to be completed during 2013. The company accordingly adopted FAS 35 and capitalized interest associated with the borrowing.

Statement of Financial Accounting Standards No. 160, *Non-controlling Interests in Consolidated Financial Statements*, establishes standards for accounting for noncontrolling interest, sometimes called a minority interest, which is that portion of equity in a subsidiary not attributable, directly or indirectly, to a parent. FAS 160 requires that the minority portion of equity and net income/loss from operations of consolidated entities be reflected in the financial statements. The Company previously adopted FAS 160 and has reflected the impact in the accompanying consolidated financial statements.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the AICPA, and the SEC did not or are not believed by management to have a material impact on the Company's present or future financial statements.

**NOTE 3 – SEGMENT INFORMATION****Geographical Locations**

The following information summarizes the financial information regarding Plandaí Biotechnology Inc. and its three operational South African subsidiaries at June 30, 2014:

|             | South Africa | United States |
|-------------|--------------|---------------|
| Assets      | \$ 9,630,488 | \$ 52,927     |
| Liabilities | 11,603,450   | 1,619,298     |
| Revenues    | 68,842       | 196,906       |
| Expenses    | \$ 1,615,169 | \$ 6,338,308  |

**NOTE 4 –LOANS FROM RELATED PARTY**

As of June 30, 2013, the Company had outstanding loans to various related parties in the amount of \$501,518. These loans were provided for short-term working capital purposes, bear interest at rates between 8-10%, and matured on January 1, 2014. On January 1, 2014, the Company converted the loans into 2,036,000 shares of the company's common stock, which represented the fair market value based on the closing bid price on the date of conversion.

**NOTE 5 - LINE OF CREDIT**

During the year ended June 30, 2012, the company entered into a line of credit agreement for \$500,000 which was later increased to \$1,000,000. The line of credit matured on January 5, 2014 and bears interest at the rate of ten percent (10%) per annum. As of June 30, 2013, the balance drawn down on the credit line was \$752,503 and accrued interest was \$93,184. On December 31, 2013, the Company converted to entire line of credit plus accrued interest into 5,000,000 shares of the company's common stock, which represented the fair market value on the date of conversion based on the closing bid price on the date of conversion. As of June 30, 2014 and 2013, the Company had a line of credit balance of \$0 and \$752,503.

**NOTE 6 – DEBENTURE PAYABLE**

In May 2013, the Company issued an 8% interest rate convertible debenture in the amount of \$103,500 which became due and payable in February 2014. The debenture was convertible into common stock of the Company at a discount of 42% off the market price of the Company's common stock six months after issuance (November 2013). The Company repaid the debenture in full on November 11, 2013.

On August 20, 2013, the Company executed two convertible promissory notes totaling \$550,000. The notes bear interest at the rate of 8% per annum and became due and payable six months from the date of issuance. During the first 90 days from issuance, the notes were repayable without incurring any interest charges. The Company was advanced \$210,000 against the two notes. As of June 30, 2014, a total of \$205,368 of the unpaid principal plus accrued interest had been converted into 2,997,035 shares of restricted common stock, leaving a balance of \$18,112. Subsequent to June 30, 2014, the balance plus accrued interest was converted into 144,296 shares of common stock.

On November 13, 2013, the Company executed a convertible promissory note of \$113,500, which included prepaid interest of \$10,000. The note bore interest at 10% per annum and was due and payable twelve months from the date of issuance. At the holder's option, the unpaid principal and interest was convertible into common stock at a 42% discount to market after six months. During the quarter ended March 31, 2014, the Company repaid the debenture and all associated interest.

As of June 30, 2014 and 2013, the Company had a convertible notes payable balance of \$18,112 and \$103,500. The Company has recorded a derivative liability of \$23,710 as of June 30, 2014 representing the estimate value of the shares over and above the amount of debentures that would be issued on conversion. During the year ended June 30, 2014, the Company recorded \$1,758,026 as derivative interest expense which was then offset against additional paid in capital when the debentures were converted.

**NOTE 7 – LONG-TERM DEBT**

In June 2012, the Company, through the majority-owned subsidiaries of Dunn Roman Holdings, Inc., executed final loan documents on a 100 million Rand (approx. \$9.5 million USD) financing with the Land and Agriculture Bank of South Africa. The total loan is comprised of multiple agreements totaling, between Green Gold Biotechnologies (Pty) Ltd. and Breakwood Trading 22(Pty) Ltd., 100 million rand. The loans all bear interest at the rate of prime plus 0.5% per annum and are all due in seven years. In addition, the loans have a 25-month “holiday” in which no payments or interest are due until 25 months after the first drawn down of funds. The loans are collateralized by the assets and operations, including the Senteeko lease, agriculture production and receivables of Dunn Roman Holdings, which is the African operating arm of Plandaí. In addition, Dunn Roman Holdings was required to grant a 15% profit share agreement to the Land Bank which extends through the duration of the loan agreements (7 years unless pre-paid). The profit share agreement extends only to profits generated by Dunn Roman Holdings exclusive of operations of Plandaí and outside of South Africa. By way of loan covenants, the borrowing entities are required to maintain a debt to equity ratio of 1.5:1, interest coverage ratio of 1.5:1, and security coverage ratio of 1:1. However, the Company consistently notified the Bank of this situation. The Company has requested written documentation as to the Bank’s intention. The Bank has not provided this documentation in writing, however they have given verbal approval. In addition, they have not started any action against the Company.

As of June 30, 2014, a total of \$8,640,988, including accrued interest, had been drawn down against the loans by Green Gold Biotechnologies (Pty) Ltd., which was used to purchase fixed assets that will be employed in South Africa to produce the company’s botanical extracts. Additionally, \$2,380,878 had been drawn down against the loans by Breakwood Trading22 (Pty) Ltd. to fund the rehabilitation of the Senteeko Tea Estate, including the repair of roads, bridges, and onsite worker housing, and the pruning, weeding and fertilizing of plantation.

During the year ended June 30, 2012, the Company issued 1,500,000 shares of restricted common stock to three individuals in exchange for shares of Dunn Roman Holdings stock which had been previously issued. The acquired Dunn Roman shares were then provided to thirds parties in order to comply with the BEE provisions associated with the loan from the Land Bank of South Africa, which required that 15% of Dunn Roman be black owned. The Company has therefore determined to treat the value of the shares issued to acquire the Dunn Roman stock (\$585,000) as a cost of securing the financing and recorded as a loan discount which will be amortized over the life of the loan (7 years) once payment of the loan commences.

As of June 30, 2014 and 2013, the long-term loan balances were as follows:

|                | June 30, 2014 | June 30, 2013 |
|----------------|---------------|---------------|
| Loan Principle | \$11,021,867  | \$9,758,702   |

|                    |              |             |
|--------------------|--------------|-------------|
| Less: Discount     | 585,000      | 585,000     |
| Net Loan per Books | \$10,436,867 | \$9,173,702 |

On November 25, 2013, the company borrowed \$250,000 from an unrelated third party. The note bears interest at 6% per annum and is due June 30, 2015. On February 11, 2014, the company borrowed an additional \$950,000 from this same entity and under identical terms, bringing the total to \$1,200,000. As of June 30, 2014 and 2013, the Company recorded accrued interest pertaining to the outstanding loan in the amount of \$32,721 and \$0.

#### **NOTE 8 – CURRENCY ADJUSTMENT**

The Company's principle operations are located in South Africa and the primary currency used is the South African Rand. Accordingly, the financial statements are first prepared in using Rand and then converted to US Dollars for reporting purposes, with the average conversion rate for the period being used for income statement purposes and the closing exchange rate as of June 30, 2014 applied to the balance sheet. Differences resulting from the fluctuation in the exchange rate are recorded as an offset to equity in the balance sheet. As of June 30, 2014, the cumulative currency translation adjustments were \$314,649.

#### **NOTE 9 – FIXED ASSETS**

Fixed assets, stated at cost, less accumulated depreciation at June 30, 2014 and June 30, 2013 consisted of the following:

|                                | June 30,<br>2014 | June 30,<br>2013 |
|--------------------------------|------------------|------------------|
| Total Fixed Assets             | \$9,142,227      | \$8,043,692      |
| Less: Accumulated Depreciation | (286,468 )       | (118,782 )       |
| Fixed Assets, net              | \$8,855,759      | \$7,924,910      |

#### Depreciation expense

Depreciation expense for the years ended June 30, 2014 and 2013 was \$188,561 and \$135,039, respectively. The Company did not commence depreciating the leasehold improvements and other fixed assets until placed in service.

The difference between accumulated depreciation and depreciation expense results from the application of the currency adjustment (see Note 8).

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## NOTE 10 – COMMON STOCK

During the year ended June 30, 2013, the Company recorded the following common stock transactions:

In February of 2013, the Company cancelled 250,000 shares of common stock that had been issued in the prior year for services to be performed. Those services were never rendered, resulting in the shares being returned to the company and cancelled. The value of the shares was previously recorded as an \$80,000 operating expense. As a result of the canceled shares, the Company recorded an \$80,000 reduction in operating expenses.

In February 2013, the Company repurchased 4,900,000 shares of common stock from a former director of the Company which had been issued for services rendered for total consideration of \$125,000, which represented a 50% discount to market on the date of purchase. The shares were returned to treasury and subsequently cancelled.

In May and June of 2013, the Company issued a total of 525,460 shares of restricted common stock in exchange for proceeds of \$140,500.

In February of 2013, the Company's Board of Directors authorized the issuance of 4,360,000 shares of restricted common stock to officers and directors of the Company. As of the date of this June 30, 2013, the shares had yet to be issued and were recorded as stock subscription payable. The shares were for professional services provided to the Company and completed prior to June 30, 2013. The Company recorded an expense of \$261,600 which was calculated using the fair market price of the stock on the date of the board resolution authorizing the issuance of shares.

During the three months ended September 30, 2013, the Company sold 50,000 shares of unregistered, restricted common stock for proceeds of \$15,000. The shares were issued under an exemption from registration provided by Rule 144 of the Securities Act of 1933.

During the three months ended December 31, 2013, the Company sold 50,000 shares of unregistered, restricted common stock for proceeds of \$15,000. Each of the recipients of those shares was an accredited investor, and each of the issuances of these shares was exempt from registration under the Securities Act in reliance on an exemption provided by Section 4(2) of that Act.

During the three months ended December 31, 2013, the Company also issued a total of 5,000,000 shares of unregistered, restricted common stock to satisfy a credit line obligation and accrued interest totaling \$907,503. The

recipient of those shares was an accredited investor, and the issuances of these shares was exempt from registration under the Securities Act in reliance on an exemption provided by Section 4(2) of that Act.

On January 15, 2014, the Company issued a total of 2,036,000 shares of unregistered restricted common stock to satisfy a loan obligation of \$482,958. The recipient of those shares was an accredited investor, and the issuances of these shares was exempt from registration under the Securities Act in reliance on an exemption provided by Section 4(2) of that Act.

On January 30, 2014, the Company issued a total of 2,717,035 shares of unregistered restricted common stock satisfy loan obligations of \$150,000. Each of the recipients of those shares was an accredited investor, and each of the issuances of these shares was exempt from registration under the Securities Act in reliance on an exemption provided by Section 4(2) of that Act.

In February 2014, the company issued a total of 8,640,000 shares of unregistered restricted common stock to employees, including officers of the company, under compensation agreements entered into in prior years. The value of these shares was accrued as Common Stock Issuable in the accompanying financial statements. Each of the recipients of those shares was an accredited investor, and each of the issuances of these shares was exempt from registration under the Securities Act in reliance on an exemption provided by Section 4(2) of that Act.

During the three months ended March 31, 2014, the company issued a total of 540,000 of unregistered restricted common stock to a third party as consideration for executing a stock purchase agreement. Each of the recipients of those shares was an accredited investor, and each of the issuances of these shares was exempt from registration under the Securities Act in reliance on an exemption provided by Section 4(2) of that Act.

During the three months ended March 31, 2014, the company issued a total of 1,180,033 shares of unregistered restricted common stock to various third parties in exchange for cash totaling \$600,000. Each of the recipients of those shares was an accredited investor, and each of the issuances of these shares was exempt from registration under the Securities Act in reliance on an exemption provided by Section 4(2) of that Act.



During the three months ended March 31, 2014, the company issued a total of 1,100,000 shares of restricted common stock in exchange for 15% interest in Dunn Roman Holdings-Africa (Pty) Ltd. and 10% interest in Green Gold Biotechnologies, (Pty) Ltd. In April 2014, the company agreed to issue an additional 70,000 shares to acquire the remaining 2% interest in Dunn Roman, bringing its total ownership in that entity to 100%. These shares were issued subsequent to June 30, 2014. Each of the recipients of those shares was an accredited investor, and each of the issuances of these shares was exempt from registration under the Securities Act in reliance on an exemption provided by Section 4(2) of that Act.

During the three months ended June 30, 2014, the Company had the following issuances of unregistered securities:

86,800 shares of restricted common stock were sold to unaffiliated third parties in exchange for cash proceeds of \$40,000. Each of the recipients of those shares was an accredited investor, and each of the issuances of these shares was exempt from registration under the Securities Act in reliance on an exemption provided by Section 4(2) of that Act.

280,000 shares of unregistered common stock were issued to an unaffiliated third party on the conversion of \$55,368 in debentures and associated interest. The recipient of the shares was an accredited investor, and each of the issuances of these shares was exempt from registration under the Securities Act in reliance on an exemption provided by Section 4(2) of that Act.

618,000 shares of restricted common stock were issued to employees of the Company's subsidiary, Dunn Roman Holdings-Africa, for services previously rendered. At the time of issuance, these shares had a value of \$247,200 based on the closing bid price on the date of issuance. Each of the issuances of these shares was exempt from registration under the Securities Act in reliance on an exemption provided by Section 4(2) of that Act.

1,500,000 shares of restricted common were issued to former officers and directors of the Company's subsidiary, Dunn Roman Holdings-Africa, as part of a settlement in connection with terminating their employment and resignation from the subsidiary board of directors. At the time of issuance, the shares had a value of \$600,000 based on the closing bid price on the date of issuance. Each of the issuances of these shares was exempt from registration under the Securities Act in reliance on an exemption provided by Section 4(2) of that Act.

500,000 shares restricted common stock were issued to extend the lease and purchase option on the Company's White River, South Africa, office space, by an additional five years. At the time of issuance, the shares had a value of \$200,000 based on the closing bid price on the date of issuance. Each of the issuances of these shares was exempt from registration under the Securities Act in reliance on an exemption provided by Section 4(2) of that Act (See Notes 13 and 14).

#### Common Stock Issuable

Pursuant to three employment agreements executed on March 1, 2013 by the Company with two of its officers and one manager, the Company is also obligated to issue 4,000,000 common shares at the end of each completed year for services rendered to the Company. At June 30, 2014, with regards to the future issuance of 4,000,000 shares, the Company accrued compensation expense for services completed in the amount of \$1,480,000. As of June 30, 2014, the 1,000,000 common shares issuable pursuant to the employment agreements had not yet been issued; therefor the

Company recorded \$1,480,000 to common stock issuable.

In April 2014, the company agreed to issue an additional 70,000 shares to acquire the remaining 2% interest in Dunn Roman, bringing its total ownership in that entity to 100%. These shares were issued subsequent to June 30, 2014 and therefor the Company recorded \$7 to common stock issuable.

As of June 30, 2014 and 2013, the Company has a common stock issuable balance of \$1,480,007 and \$261,600.

#### **NOTE 11 – MINORITY INTEREST**

Plandai owns 100% of Dunn Roman Holdings—Africa, which in turn owns 74% of Breakwood Trading 22 (Pty), Ltd. and 84% of Green Gold Biotechnologies (Pty), Ltd., in order to be compliant with the Black Economic Empowerment rules imposed by the South African Land Bank. While the Company, under the Equity Method of Accounting, is required to consolidate 100% of the operations of its majority-owned subsidiaries, that portion of subsidiary net equity attributable to the minority ownership, together with an allocated portion of net income or net loss incurred by the subsidiaries, must be reflected on the consolidated financial statements. On the balance sheet, minority interest has been shown in the Equity Section, separated from the equity of Plandaí, while on the income statement, the minority shareholder allocation of net loss has been shown in the Consolidated Statement of Operations.

#### **NOTE 12 – FUTURE OBLIGATIONS**

##### Leases

In February 2012, the Company entered into a long-term (49 year) lease of tea, avocado, macadamia and timber plantation estates totaling roughly 8 thousand acres in South Africa. Under the terms of the lease, the Company is required to pay annual rent of R250,000 (\$30,000) plus an annual dividend of 26% of net income generated from the use of the property with a R500,000 (\$60,000) annual minimum dividend.

On March 1, 2012, the Company entered into a 10 year lease for office space for its subsidiary Dunn Roman Holdings. Under the terms of the lease, payments will be \$2,500 a month. The lessor is a former director of Dunn Roman (see note 14 for more information). The lease contained a provision requiring Dunn Roman to purchase the property on June 30, 2014 at the option of the lessor. Prior to June 30, 2014, the Company negotiated a five year extension on the purchase option in exchange for a one-time payment of 500,000 shares of Plandai's common stock (See Notes 11 and 14).

The table below summarized the future lease obligations for the fiscal years ended.

|                                  | Tea Estate  | Office Space |
|----------------------------------|-------------|--------------|
| June 30, 2015                    | \$360,000   | \$30,000     |
| June 30, 2016                    | 360,000     | 30,000       |
| June 30, 2017                    | 360,000     | 30,000       |
| June 30, 2018                    | 360,000     | 30,000       |
| June 30, 2019                    | 360,000     | 30,000       |
| Total five year lease obligation | \$1,800,000 | \$150,000    |

Both of these leases either have escalating terms or included several months of "free" rent, including the 49-year notarial lease for the Senteeko Tea Estate. In accordance with US Generally Accepted Accounting Principles, the Company has calculated a straight-line monthly cost on the leases and recorded the corresponding difference between the amount actually paid and the amount calculated as a Capitalized Lease Obligation. As of June 30, 2014 and 2013, the amount of this deferred liability was \$1,358,982 and \$988,381.

#### Employment Agreements

The company executed three employment agreements in March of 2013 with two officers and one management level employee. Each contract is for a five year term. Pursuant to the three employment agreements in aggregate, the Company is obligated to issue 4,000,000 common shares at the end of each completed year for services rendered to the Company. The Company therefore records the value of 1,000,000 shares of stock as compensation expense every quarter based on the closing bid price of the company's common stock on the last day of the quarter. At June 30, 2014, with regards to the future issuance of 4,000,000 shares, the Company accrued compensation expense for services completed in the amount of \$1,480,000.

### **NOTE 13 – RELATED PARTY TRANSACTION**

In addition to the loans payable as discussed above (see Note 4), the Company had the following related party transactions during the years ended June 30, 2014 and 2013.

#### *Related Party Loan Receivable*

As of June 30, 2014, the Company was owed a total of \$426,444 from a company, Red Gold Biotechnologies (Pty) Ltd., of which Roger Duffield, our Chief Executive Officer, was the sole director. Red Gold Biotechnologies was established to process and invoice payments to third party vendors associated with construction of the Senteeko production facility in order to maximize the refund of VAT (Value Added Tax) from South Africa. Accordingly, construction costs paid directly by Dunn Roman were recorded as a receivable from Red Gold. Subsequent to June 30, 2014, the company was merged with Dunn Roman Holdings-Africa, Plandai' wholly-owned subsidiary, and the receivable balance was transferred to fixed assets. There were no revenues or expenses associated with Red Gold and Mr. Duffield derived no economic benefit from the transaction. All VAT refunds were deposited with Dunn Roman.

#### *Accounts Payable to Related Parties*

As of June 30, 2014 and 2013 the Company has accounts payable to related parties balances totaling \$2,949 and \$145,822 which consists primary of amounts owed to officers and directors of the company which paid certain operating expenses on behalf of the company.

Office Lease

The Company leases its South African Office space from a trust of which one of the beneficiaries served on the Board of Directors of Dunn Roman Holding—Africa, Ltd., a subsidiary of the Company, until March 2014. The lease agreement calls for monthly payments of \$2,500. During the years ended June 30, 2014 and 2013, a total of \$22,500 and \$32,154 was been paid in rent expense. The lease contained a provision requiring Dunn Roman to purchase the property on June 30, 2014 at the option of the lessor. Prior to June 30, 2014, the Company negotiated a five year extension on the purchase option in exchange for a one-time payment of 500,000 shares of Plandai's common stock (See Notes 11 and 13).

Compensation to Officers and Management

Pursuant to three employment agreements executed on March 1, 2013 by the Company with two of its officers and one manager, the Company is also obligated to issue 4,000,000 common shares at the end of each completed year for services rendered to the Company. At June 30, 2014, with regards to the future issuance of 4,000,000 shares, the Company accrued compensation expense for services completed in the amount of \$1,480,000.

**NOTE 14 - LICENSE AGREEMENT**

During the year ended June 30, 2014, the Company entered into a license agreement with Oasis, Inc., a Canadian company that owns and operates medical centers specializing in dermatology and skin care. The terms of the license required an initial payment of \$250,000 plus an additional payment of \$250,000 following the favorable completion of certain clinical trials. The license covers the use of Phytofare™ Catechin Complex in topical formulation for anti-aging applications and is specific to North America and portions of Africa. Of the initial payment, the company received \$190,000 which has been recorded as Revenues in the accompanying financial statements. The company has completed the clinical trials with favorable results and therefore deems the monies received to be earned as of June 30, 2014. The company is presently in discussion with Oasis regarding fulfillment of the remaining terms of the agreement. A total of \$14,000 was spent on the clinical trials, which was recorded as research and development costs.

**NOTE 15 – WARRANTS**

On January 28, 2014, the Company signed an agreement with Diego Pellicer, Inc. under which the Company received a license to use the Diego Pellicer name and likeness on a future cannabis-based extract which is under development. As consideration for the license, warrants to purchase 5,000,000 shares of the Company's common stock were issued

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at a purchase price of \$0.01 per share. Based on the closing bid price of the common stock of \$1.15 on the date the warrants were issued, the Company recorded a value of \$5,705,022 as an asset; however, as the cannabis extract is still in development, the intangible licenses asset balance was fully impaired as of June 30, 2014 leaving a zero asset balance. Accordingly, the Company recorded an impairment expense of \$5,705,022. Should the cannabis extract come to market, the value of the license will be reevaluated.

| <b>Warrants<br/>Exercisable<br/>June 30,<br/>2013</b> | <b>Exercise<br/>Price (\$) per<br/>Share</b> | <b>Warrants Outstanding<br/>Weighted<br/>Average<br/>Remaining<br/>Contractual</b> |                               | <b>Warrants<br/>Exercisable<br/>June 30,<br/>2014</b> |
|---|--|--|-------------------------------|---|
|   |  | <b>Life</b>  | <b>Exercised<br/>Warrants</b> |   |
| 5,000,000   | \$ 0.01                                      | 10 years   | -                             | 5,000,000   |

## NOTE 16 – SUBSEQUENT EVENTS

Management was evaluated subsequent events pursuant to the requirements of ASC Topic 855 and has determined that besides listed below, no material subsequent events exist through the date of this filing.

1. The Company borrowed a total of \$1,810,000 from an unrelated party under promissory notes that bear interest at 6% per annum and are due and payable together with accrued interest on or before June 30, 2015.
2. The Company issued 1,168,400 restricted common shares for \$256,700 cash.
3. The Company issued 200,000 restricted common shares for services valued at \$50,000.
4. The Company issued 144,296 restricted common shares for the conversion of convertible debt and interest in the amount of \$24,674.
5. The Company issued 1,629,212 common shares pursuant to the execution of 1,666,666 warrants with a strike price of \$0.01.
6. The Company issued 70,000 common shares pursuant to the acquisition of the remaining 2% interest in Dunn Roman.

**SIGNATURES**

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**Plandai Biotechnology, Inc.**  
(Registrant)

October 14, 2014  
By: /s/ Roger Duffield  
Roger Duffield, President

(On behalf of the Registrant and as Principal Executive Officer) and  
Chairman of the Board of Directors

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: October 14, 2014  
/s/ Daron Baylis Duffield  
Daron Baylis Duffield, Director

Date: October 14, 2014  
/s/ Brian Johnson  
Brian Johnson, Director

Date: October 14, 2014  
/s/ Callum Baylis Duffield  
Callum Baylis Duffield, Director

Date: October 14, 2014  
/s/ Jamen Shively  
Jamen Shively, Director





