

Plandai Biotechnology, Inc.  
Form 10-Q  
July 29, 2016

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 10-Q**

(MARK ONE)

**QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

**FOR THE QUARTERLY PERIOD ENDED: September 30, 2015**

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

*Commission file number 000-51206*

**PLANDAÍ BIOTECHNOLOGY, INC.**

(Name of small business issuer in its charter)

**Nevada**

(State or other jurisdiction of incorporation or organization)

**45-3642179**

(I.R.S. Employer Identification No.)

**17 Hanover Square, London, England**

(Address of principal executive offices)

**W1S 1BN**

(Zip Code)

Registrant's telephone number, including area code: **(917) 900-6829**

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)

N/A

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(Former name, former address and former fiscal year, if changed since last report)

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Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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) 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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

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 number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of July 13, 2016, the issuer had 186,531,236 shares of its common stock issued and outstanding.

**PART 1 – FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**PLANDAI BIOTECHNOLOGY, INC.****CONSOLIDATED BALANCE SHEETS****(Unaudited)**

	<b>September 30, 2015</b>	<b>June 30, 2015</b>
<b>ASSETS</b>		
Current Assets:		
Cash	\$5,560	\$33,619
Inventory	6,221	2,286
Accounts Receivable	14,920	17,122
Prepaid Expenses and Other Current Assets	115,889	365,132
Total Current Assets	142,590	418,159
Deposits	66,926	75,246
Other Assets	91,956	1,220
Fixed Assets – Net	6,916,518	8,009,956
Total Assets	\$7,217,990	\$8,504,581
<b>LIABILITIES &amp; STOCKHOLDERS' DEFICIT</b>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$441,619	\$316,346
Accrued Interest	390,168	288,612
Current Portion of Long Term Debt	13,955,396	14,526,213
Related Party Payables	14,229	16,176
Total Current Liabilities	14,801,412	15,147,347
Other Liabilities	140,739	159,994
Deferred Lease Obligation	1,418,123	1,513,976
TOTAL LIABILITIES	16,360,274	16,821,317
<b>STOCKHOLDERS' DEFICIT</b>		
Common Stock, authorized 500,000,000 shares, \$0.0001 par value, 165,684,536 and 164,419,936 shares issued and outstanding as of September 30, 2015 and June 30, 2015	16,568	16,442
Additional Paid-In Capital	30,215,502	30,124,629
Common Stock Issuable	90,000	45,000
Accumulated Deficit	(37,498,326 )	(36,309,281 )
Cumulative Foreign Currency Translation Adjustment	(35,605 )	(375,880 )
Total Stockholders' Deficit	(7,211,861 )	(6,499,090 )
Non-controlling Interest	(1,930,423 )	(1,817,646 )
Equity Allocated to Plandaí Biotechnology	(9,142,284 )	(8,316,736 )
Total Liabilities and Stockholders' Deficit	\$7,217,990	\$8,504,581

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

**PLANDAI BIOTECHNOLOGY, INC.****CONSOLIDATED STATEMENTS OF OPERATIONS****(Unaudited)**

	Three Months Ended	
	September 30,	September 30,
	2015	2014
Revenues	40,831	\$26,387
Expenses:		
Production Costs	204,792	160,057
Payroll	208,450	226,994
Rent	92,464	125,834
Professional Services	146,625	305,280
Depreciation	144,213	46,357
General and Administrative	123,452	636,187
Total Expenses	919,996	1,500,709
Operating (Loss)	(879,165 )	(1,474,322 )
Other Income (Expense)		
Proceeds from Settlement	—	981,260
Interest Expense	(309,880 )	(117,893 )
Net (Loss)	(1,189,045 )	\$(610,956 )
Allocation to Non-controlling Interests	112,777	(27,021 )
Net (Loss), Adjusted	(1,076,268 )	\$(637,976 )
Other Comprehensive Income (loss):		
Foreign Currency Translation Adjustment	340,275	(245,718 )
Comprehensive Income (Loss)	(735,993 )	\$(883,694 )
Basic & diluted loss per share	(0.01 )	\$(0.01 )
Weighted Avg. Shares Outstanding	165,517,900	132,614,582

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

**PLANDAI BIOTECHNOLOGY, INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)**

	For the three months ended September 30, 2015	For the three months ended September 30, 2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Loss	\$(1,189,045)	\$(610,956 )
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	144,213	46,357
Amortization of Debt Discount	16,101	—
Stock Issued or Payable for Services	61,000	(337,674 )
Increase in Notes Payable from Interest Added to Principal	195,993	262,870
Changes in Assets and Liabilities:		
Decrease in Related Party Receivable	—	419,598
Decrease (Increase) in Accounts Receivable	152	(4,848 )
(Increase) in Deposits	(787 )	(781 )
(Increase) Decrease in Inventory	(4,504 )	172
Decrease (Increase) in Prepaid Expenses and Other Current Assets	143,739	(53,236 )
(Increase) in Other Assets	(12,295 )	—
Increase in Accounts Payable and Accrued Expenses	163,025	93,396
Increase in Related Party Payables	—	27,105
Increase in Deferred Lease Obligation	92,373	139,026
Increase in Accrued Interest	101,556	26,254
Net Cash Provided by (Used in) Operating Activities	(288,479 )	7,283
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(5,769 )	(104,328 )
Net Cash (Used in) Investing Activities	(5,769 )	(104,328 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from Issuing Notes Payable, Net of Discount	400,000	2,300,000
Principal Payments on Notes Payable	(169,577 )	(604,105 )
Proceeds from the Sale of Common Stock	75,000	256,700
Net Cash Provided by Financing Activities	305,423	1,952,595
Effect of Exchange Rates on Cash Flows	(39,234 )	(535,606 )
Net Increase (Decrease) in Cash and Cash Equivalents	(28,059 )	1,319,944
Cash and Cash Equivalents at Beginning of Period	33,619	156,328
Cash and Cash Equivalents at End of Period	5,560	1,476,272

NON-CASH INVESTING AND FINANCING ACTIVITIES

Shares issued to retire debt	\$—	\$24,674
Interest added to debt principal	195,993	262,870

SUPPLEMENTAL CASH FLOW INFORMATION:

Cash paid during the period for:

Interest	\$—	\$—
Income taxes	\$—	\$—

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



**PLANDAI BIOTECHNOLOGY, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015**

**(Unaudited)**

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

Plandai Biotechnology, Inc.'s (the "Company" or "Plandai") 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.

Plandai and its subsidiaries focus on the development and 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 3,237 hectare (approx. 8,000 acre) estate it operates under a 49-year notarial lease in the Mpumalanga region of South Africa. Plandai uses a proprietary extraction process that is designed to yield highly bioavailable products of pharmaceutical-grade purity. The first product brought to market was Phytofare™ Catechin Complex, a green-tea derived extract that has multiple potential wellness applications. Additional extracts utilizing citrus, artemisia, and cannabis are in various stages of development and testing. 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.

**NOTE 2 – SUMMARY OF ACCOUNTING POLICIES**

**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"). The accompanying financial statements represent the results of operations for the three months ended September 30, 2015 and September 30, 2014. The Company has adopted the US dollar as the reporting currency for accounting and reporting purposes.

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.

### **Interim Financial Statements**

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to form 10Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In our opinion the financial statements include all adjustments (consisting of normal recurring accruals) necessary in order to make the financial statements not misleading. Operating results for the three months ended September 30, 2015 are not necessarily indicative of the final results that may be expected for the year ended June 30, 2016. For more complete financial information, these unaudited financial statements should be read in conjunction with the audited financial statements for the year ended June 30, 2015 filed with the SEC.

### **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.

## **Business Combinations and Acquisitions**

The disclosure requirements for business combination and acquisitions are intended to enable users of financial statements to evaluate the nature and financial effects of:

- A business combination that occurs either during the current reporting period or after the reporting period, but before the financial statements are issued

- Adjustments recognized in the current reporting period that relate to business combinations that occurred in current and previous reporting periods

- The nature of the relationship between the parent and a subsidiary or investee when the parent does not have 100 percent ownership or control

The Company discloses each material business combination in the period in which the business combination occurs. The Company also discloses information about acquisitions made after the balance sheet date, but before the financial statements are issued. Gains or losses arising from the deconsolidation of a business when the company loses control of that business are also disclosed. Acquisition costs incurred such as legal, advisory and consulting fees are expensed as incurred. In accordance with ASC 805-10-25-1, ASC 805-10-05-4 and IFRS 3.4, 5, the Company employs the Acquisition Method of accounting for routine acquisitions and combinations.

## **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.

In January 2014, 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. During the year ended June 30, 2015, a total of 1,666,666 warrants were exercised utilizing a "cashless" option resulting in the issuance of 1,629,212 shares of restricted common stock, leaving 3,333,334 outstanding exercisable warrants as of September 30, 2015.

## **Reclassifications**

Prior year amounts have been reclassified to conform to the current year presentation. There was no net impact on total assets, net (loss), comprehensive (loss) or the statement of cash flows.

## **Recent Accounting Pronouncements**

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 – FIXED ASSETS**

Fixed assets, stated at cost, less accumulated depreciation at September 30, 2015 and June 30, 2015 consisted of the following:

	September 30, 2015	June 30, 2015
Plant and Equipment	\$6,588,527	\$7,487,506
Machinery and Equipment	195,276	211,283
Leasehold Improvements	661,962	752,530
Furniture and Fixtures	71,802	81,626
Automobiles	79,770	90,684
Computers and Equipment	14,616	23,206
Less: Accumulated Depreciation	(695,435 )	(636,879 )
Fixed Assets, net	\$6,916,518	\$8,009,956

The reduction in fixed assets results from a combination of depreciation expense and the fluctuation of the South African Rand against the U.S. Dollar, as all of the Company's fixed assets are located in South Africa.

*Depreciation expense*

Depreciation expense for the three months ended September 30, 2015 and 2014 was \$144,213 and \$46,357, respectively. The Company did not commence depreciating the leasehold improvements and construction in progress until such assets were placed in service. The difference between accumulated depreciation and depreciation expense results from the application of the currency adjustment (see Note 7).

**NOTE 4 – SEGMENT INFORMATION****Geographical Locations**

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The following information summarizes the financial information regarding Plandaí Biotechnology Inc. and its operational South African subsidiaries for the periods presented:

As of June 30, 2015:

	South Africa	United States	Total
Assets	\$8,406,177	\$98,404	\$8,504,581
Liabilities	\$10,402,092	\$6,419,225	\$16,821,317

As of September 30, 2015

	South Africa	United States	Total
Assets	\$7,146,604	\$71,386	\$7,217,990
Liabilities	\$9,267,678	\$7,092,596	\$16,360,274

For the three-months ended September 30, 2015

	South Africa	United States	Total
Revenues from external customers	\$40,831	\$—	\$40,831
Operating Expenses	\$533,793	\$386,203	\$919,996
Interest expense	\$192,223	\$117,657	\$309,880
Segment loss	\$685,186	\$503,859	\$1,189,045

For the three-months ended September 30, 2014

	South Africa	United States	Total
Revenues from external customers	\$26,387	\$—	\$26,387
Operating Expenses	\$341,662	\$1,159,047	\$1,500,709
Interest expense	\$85,402	\$32,491	\$117,893
Segment loss	\$106,496	\$504,460	\$610,956

**NOTE 5 –NOTES PAYABLE**

	Interest Rate	Due Date	September 30, 2015	June 30, 2015
Loan Principal and Interest - Land Bank	See below	See below	7,414,982	8,401,900
Notes Payable – third party	6%	July 1, 2016	6,900,000	6,500,000
Less: Discount			(359,586 )	(375,687 )
			13,955,396	14,526,213
Less: Current Portion			13,955,396	14,526,213
Long Term Debt, Net of Discount			\$—	\$—

Notes Payable – Third Party

Between November 25, 2013 and June 4, 2015, the Company issued a total of \$6,500,000 in notes payable to a third party, the proceeds from which were used for working capital purposes. In July 2015, the Company issued a note payable for \$400,000 to the third party in exchange for cash of \$384,170 and payment of expenses on behalf of the Company of \$15,830. The note bears interest at 6% per annum and was originally due February 1, 2016.

Collectively, these notes total \$6,900,000 and \$6,500,000 as of September 30, 2015 and June 30, 2015, respectively, and were due and payable twelve months after issuance. The Company subsequently renegotiated the due date on each of these notes to July 1, 2016 and is in discussions to further extend the due dates until December 31, 2016. As of September 30, 2015 and June 30, 2015, the Company recorded accrued interest pertaining to the outstanding notes payable in the amounts of \$390,168 and \$288,612, respectively.

Land and Agriculture Bank of South Africa

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. \$6.5 million USD at current rates) financing with the Land and Agriculture Bank of South Africa (“Land Bank”). The total loan is comprised of multiple agreements totaling, between Green Gold Biotechnologies (Pty) Ltd. and Breakwood Trading 22(Pty) Ltd., 100 million rand (approx. \$6.5 million USD at current rates). 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 draw 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, none of which are currently in compliance. However, the Company consistently notified the Bank of this situation and has requested written documentation as to the Bank's intention. The Bank has provided documentation extending the "holiday" at least through December 2016. As of and through the date of this report, the Land Bank has not provided any notice of default or requested compliance with the terms of the loans.

During the year ended June 30, 2012, the Company issued 1,500,000 shares of restricted common stock to three Dunn Roman shareholders in exchange for their shares of Dunn Roman Holdings which had been previously issued. The acquired Dunn Roman shares were then provided to third 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 owned by non-white South Africans. The Company has therefore determined to treat the value of the shares issued to acquire the Dunn Roman stock (\$585,000, based on the value of shares on the date of issuance) as a cost of securing the financing and recorded as a loan discount which is amortized over the life of the loan (7 years). During the three months ended September 30, 2015 the Company amortized \$16,101 leaving a debt discount balance of \$359,586 at September 30, 2015.

As of September 30, 2015, a total of \$7,415,414, which includes capitalized accrued interest, was owed to the Land Bank. The proceeds were used to purchase fixed assets that are employed in South Africa to produce the company's botanical extracts, fund the rehabilitation of the Senteeko Tea Estate, including the repair of roads, bridges, and onsite management and farm worker housing, and the pruning, weeding and fertilizing of the plantation. As the 25-month holiday in which no payments or interest are due expired in July of 2014, the Company is required to make monthly payments of approximately 2,250,000R South African Rand (approximately \$168,700 US Dollars). During the three months ended September 30, 2015, the Company paid R2,200,580 (approximately \$169,577 US Dollars) and accrued R2,543,384 in capitalized interest (approximately \$195,993 US Dollars). Commencing August 2015, the Company ceased making payments to the Land Bank and has been in discussions to renegotiate the payment terms of the obligation. The Land Bank has been cooperative in this effort and has not expressed any intention to foreclose or accelerate the debt balances. Inasmuch as the Company is out of compliance with certain loan covenants including the non-payment of scheduled monthly amounts due under the various leases, the Company has elected to classify the entire balance owed to the Land Bank as "current" in the accompanying balance sheet as of September 30 and June 30, 2015.



As of the dates presented, the long-term loan balances were as follows:

Future maturities of long-term debt are as follows:

2016	\$8,924,276
2017	2,024,000
2018	2,024,000
2019	983,120
	\$13,955,396

#### NOTE 6 – CONVERTIBLE NOTES PAYABLE

	Principal Balance	Loan Discount	Accrued interest	Total
June 30, 2014	15,717	(2,282 )	—	13,435
Issued in the year	—	—	—	—
Converted into shares of common stock	(15,717)	2,282	—	(13,435)
Amortization of debt discount	—	—	—	—
Interest accrued	—	—	—	—
June 30, 2015	—	—	—	—
Issued in the quarter	—	—	—	—
Converted into shares of common stock	—	—	—	—
Amortization of debt discount	—	—	—	—
Interest accrued	—	—	—	—
September 30, 2015	—	—	—	—

The Company evaluated the terms of the conversion features of its convertible debentures in accordance with ASC Topic No. 815 - 40, *Derivatives and Hedging - Contracts in Entity's Own Stock* and determined they are indexed to the Company's common stock and the conversion features meet the definition of a liability, and therefore bifurcated the conversion features and accounted for them as a separate derivative liability.

On August 20, 2013, the Company issued a convertible promissory note for \$350,000. The note bore 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 note was repayable without incurring any interest charges. The Company was advanced \$160,000 against the note, net of original issuance discounts of \$30,578 which included prepaid interest and legal expenses. The debt discount was recorded as a reduction (contra-liability) of the convertible debenture and was amortized over the

life of the convertible debenture.

The Company valued the conversion features on these advances at origination at \$355,638 using the Black Scholes valuation model with the following assumptions: dividend yield of zero, 12-month term to maturity, risk free interest rate of 0.13% and annualized volatility of 184%. \$182,869 of the value assigned to the derivative liability was recognized as a debt discount on the convertible debenture. The debt discount was recorded as reduction (contra-liability) to the convertible debenture and was amortized over the life of the convertible debenture. The balance of \$172,769 of the value assigned to the derivative liability was recognized as origination interest on the derivative liability and expensed on origination. ASC 815 requires assessment of the fair market value of derivative liability at the end of each reporting period and recognition of any change in the fair market value as other income or expense.

As of June 30, 2014, a total of \$174,479 of the unpaid principal plus accrued interest had been converted into 2,132,839 shares of restricted common stock, leaving a balance of \$13,435, net of discount. In the year ended June 30, 2015, the balance plus accrued interest was converted into 144,296 shares of common stock. The Company revalued the proportionate amount of the derivative liability to its fair value and recognized any gain or loss on the change in fair value of the derivative liability as other income or expense in the statement of operations. On issuance of shares of common stock on settlement of the note, the proportionate balance of the derivative liability together with the proportionate balance of unamortized debt discount was transferred to additional paid in capital.

Changes in Derivative Liabilities were as follows:

June 30, 2014	24,330
Value acquired during the period	—
Settled on issuance of common stock	(33,599)
Settled on payment of outstanding principal and interest	—
Revaluation on settlement on issuance of common stock or reporting date	9,269
June 30, 2015	—
Value acquired during the period	—
Settled on issuance of common stock	—
Settled on payment of outstanding principal and interest	—
Revaluation on settlement on issuance of common stock or reporting date	—
September 30, 2015	—

#### **NOTE 7 – DEFERRED LEASE OBLIGATIONS**

Plandai’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 Deferred Lease Obligation. As of September 30, 2015 and June 30, 2015 the amount of this deferred liability was \$1,418,123 and \$1,513,976, respectively.

Plandai’s subsidiary, Dunn Roman Holdings – Africa (Pty) Ltd., executed a sublease on the Bonokado Farm in South Africa to a third party. Bonokado 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 September 30, 2015 and June 30, 2015, the amount of this receivable was \$91,956 and \$91,955, respectively.

**NOTE 8 – FOREIGN CURRENCY TRANSLATION 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 between July and September being used for income statement purposes and the closing exchange rate as of September 30 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. In the three months ended September 30, 2015 and 2014, the Company recorded a foreign currency translation adjustment gain of \$340,275,189 and (\$245,718), respectively.

**NOTE 9 – COMMON STOCK**

During the three months ended September 30, 2015, the Company issued a total of 1,264,600 shares of restricted common stock as follows:

1. The Company issued 1,164,600 restricted common shares for \$75,000 cash.
2. The Company issued 100,000 restricted common shares for services valued at \$16,000.

Common Stock Issuable

Pursuant to five-year employment agreements executed on March 1, 2013 by the Company with two of its officers, the Company is obligated to issue 3,000,000 common shares at the end of each completed year for services rendered to the Company on the anniversary date of the agreements. The Company records the value of these shares on quarterly basis based on the value of the stock on the date of the agreements (March 1, 2013). As of September 30, 2015 and June 30, 2014, the common shares issuable pursuant to the employment agreements were \$90,000 and \$45,000, respectively.

**NOTE 10 – 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, the Company issued warrants to purchase 5,000,000 shares of the Company's common stock at a purchase price of \$0.01 per share. The Company computed the value of the warrants issued using the Black-Scholes method with the following assumptions:

·	Closing bid price of the common stock of \$1.15 on the date the warrants were issued
·	Dividend yield - zero
·	Expected term - 10 year
·	Risk free interest rate - 2.77%
·	Annualized volatility - 260%

The Company originally recorded a value of \$5,749,985 as an asset. However, as the cannabis extract was still in development, the intangible licenses asset balance was deemed fully impaired as of June 30, 2014, leaving a zero asset balance. Accordingly, the Company recorded an impairment expense of \$5,749,985. Should the cannabis extract come to market, the value of the license will be re-evaluated.

In the year ended June 30, 2015, 1,666,666 warrants were exercised resulting in the issuance of 1,629,212 common shares.

The following table summarizes share warrants activity for the periods presented:

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	Number of Share Warrants	Weighted Average Exercise Price (\$) per Share	Weighted Average Remaining Contractual Life
Warrants outstanding, June 30, 2014	—	\$ —	—
Issued	5,000,000	\$ 0.01	9.5 years
Exercised	(1,666,666)	\$ 0.01	9.0 years
Cancelled	—	—	—
Expired	—	—	—
Warrants outstanding, June 30, 2015	3,333,334	\$ 0.01	8.5 years
Issued	—	—	—
Exercised	—	—	—
Cancelled	—	—	—
Expired	—	—	—
Warrants outstanding, September 30, 2015	3,333,334	\$ 0.01	8.5 years
Warrants exercisable, September 30, 2015	3,333,334	\$ 0.01	8.5 years

The following table summarizes information about warrants outstanding as of September 30, 2015:

Exercise Price	Number of Warrants Outstanding	Weighted Average Life of Warrants Outstanding In Years
\$ 0.01	3,333,334	8.5 years
	3,333,334	

#### **NOTE 11 – NON-CONTROLLING 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, non-controlling interest has been shown in the Equity Section, separated from the equity of Plandai, while on the income statement, the minority shareholder allocation of net loss has been shown in the Consolidated Statement of Operations.

#### **NOTE 12 – RELATED PARTY TRANSACTIONS**

The Company had the following related party transactions during the three months ended September 30, 2015.

##### Related Party Payables

As of September 30, 2015 and June 30, 2015, the Company owed a total of \$14,229 and \$16,176, respectively, to Roger Duffield, our Chief Executive Officer, for advances made to one of the Company's South African subsidiaries in the ordinary course of business. The advances are non-interest bearing and payable on demand.

##### Compensation to Officers and Management

Pursuant to employment agreements executed on March 2, 2013 with two of the Company's officers, the Company is also obligated to issue 3,000,000 common shares at the end of each completed year for services rendered to the Company. At September 30 and June 30, 2015, with regards to the future issuance of 3,000,000 shares, the Company

accrued compensation expense for services completed in the amount of \$90,000 and \$45,000, respectively, as common stock issuable.

### **NOTE 13 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events pursuant to the requirements of ASC Topic 855 and has determined that no material subsequent events exist through the date of this filing apart from the following:

Between November 2015 and June 28, 2016, the Company sold 14,975,000 shares of restricted common stock to unaffiliated third parties for cash of \$413,230. The issuance of these shares was exempt from registration under the Securities Act in reliance on an exemption provided by Section 4(2) of that Act.

The Company issued a total of \$475,000 in convertible promissory notes to various third parties, receiving net proceeds of \$445,500. The difference between the face value of the note and net proceeds includes loan origination fees, legal fees, and prepaid interest. The notes are due between November 12, 2016 and May 16, 2017. The notes convert at a discount to market of between 40-50% off the lowest intra-day trading price over the 15-20 day period prior to conversion. The notes bear interest between 8-10%.

On December 31, 2015, the Company received \$50,526 and issued a promissory note in the amount of £35,000. The note is due December 31, 2016 and bears interest at the rate of 15% per annum, which is payable every six months.

On February 29, 2016, the Company accepted the resignation of Jamen Shively from the Board of Directors. On that same day, the Company terminated the employment of Jessica Gutierrez as Executive Vice President and Corporate Secretary. Callum Cottrell-Duffield, who presently serves as Vice President of Sales and Marketing, and as a Director, was appointed Corporate Secretary.

The Company issued a total of 5,871,700 shares for services rendered, including 3,200,000 shares to officers and employees of the Company under previously executed employment contracts.



## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

This statement includes projections of future results and "forward looking statements" as that term is defined in Section 27A of the Securities Act of 1933 as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934 as amended (the "Exchange Act"). All statements that are included in this Quarterly Report, other than statements of historical fact, are forward looking statements. Although management believes that the expectations reflected in these forward looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct.

### **BUSINESS**

Plandaí Biotechnology, Inc., (the "Company") through its acquisition of Global Energy Solutions, Ltd. and its subsidiaries, focuses on the farming of whole fruits, vegetables and live plant material and the production of proprietary functional foods and botanical extracts for the health and wellness industry. Its 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.

Plandaí and its subsidiaries focus on the development and 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 3,237 hectare (approx. 8,000 acre) 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 brought to market was Phytofare™ Catechin Complex, a green-tea derived extract that has multiple potential wellness applications. Additional extracts utilizing citrus, artemisia, and cannabis are in various stages of development and testing. The Company's principle holdings consist of land, farms and infrastructure in South Africa.

The Company's production facility in South Africa received its certificate of occupancy and operations on December 31, 2014. During the fourth quarter of fiscal 2015, the Company began shipping product to customers and recording sales. However, a hailstorm during the quarter destroyed a large percentage of the tea crop and there was insufficient time remaining in the growing season to yield another harvest. As a result, sales for the final quarter through September 30, 2014 were limited. Production recommenced in October 2015 with the commencement of harvest season.

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, combined with projected sales for fiscal 2016, 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

We will continue to seek to raise additional capital through the sale of common stock to fund the expansion of our company. There can be no assurance that we will be successful in raising the capital required and without additional funds we would be unable to expand our plant, acquire other companies, or further implement our business plan. In April 2012, through our subsidiary companies, we secured a 100 million Rand (approximately \$8.3 million at current rate of exchange) financing with the Land and Agriculture Bank of South Africa which will be used to build infrastructure and further operations. During the three months ended September 30, 2015, we borrowed \$400,000 from an unaffiliated third party under a promissory note due and payable February 28, 2016 and earning interest at 6% per annum.

## PRODUCTS AND SERVICES

Plandaí has a proprietary technology that extracts a high level of bio-available compounds and phytonutrients from 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 of antioxidant and anti-carcinogenic substances. The Company leases 3,237 hectares (approx. 8,000 acre) 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 100,000 sq. ft. state-of-the-art extraction facility on site which came online in December 2014. Plandaí 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 benefits, 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 and animal model 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 has commercialized the Phytofare<sup>®</sup> catechin complex and is currently developing the Phytofare<sup>®</sup> 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 became operational in December 2014, with initial sales anticipated to commencing in May 2015. The limonoid glycoside product is extracted from lemons which are sourced from local orchards in South Africa and then produced in the same factory that makes the green tea product. The Phytofare<sup>®</sup> Limonoid Glycoside Complex is scheduled be introduced to the market in late 2016.

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<sup>®</sup> technology to produce 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.

During the previous year, the Company completed two separate human studies designed to test both the efficacy and bioavailability of its Phytofare<sup>®</sup> catechin complex. The first study was a topical trial designed to evaluate the effectiveness of the extract on treating skin conditions associated with aging. Specifically, the study evaluated changes in skin elasticity, skin roughness and scaliness, and skin hydration and found that Phytofare<sup>®</sup> demonstrated

statistically significant benefits over placebo in all areas except skin elasticity, for which the length of the study was determined to be too short to render statistically reliable data.

The second clinical study, completed by North West University, Potchefstroom, South Africa, tested the oral bioavailability of Phytofare® catechin complex in human subjects. The test results indicated that five times more Phytofare® extract was present in the blood with all eight catechins detected compared with just two catechins from the generic green tea extract. In addition, after 24 hours, the blood levels of catechins from the Phytofare® extract were still higher than the highest level attained by the generic, which, after six hours, had disappeared from the blood. This study confirmed that Phytofare® catechin complex delivers more catechins to the blood than generic extract and that those catechins remain present and viable at least four times longer.

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, Plandaí Biotechnology- Uruguay, SA. This company has concluded its initial investigative research with live cannabis flower and leaf and intends to engineer a pilot scale system for processing and recovering the cannabinoid complex in a highly bioavailable format without psychoactive effects. The company was granted approval by the Uruguay Minister of Health in September 2014 to legally conduct cannabis research and development. In February 2015, a new decree imposed the further requirement of an additional license from the Institute for Regulation and Control of Cannabis (IRCCA). In May 2015, Plandaí received the license from IRCCA granting the necessary approvals under the new laws and now permitting the research to move forward. The Phytofare® cannabinoid complex will be subjected to chemical profiling, as well as particle sizing and dosage. Independent *in vitro* and animal modelling will support the project's prime objective by scientifically investigating in animals efficient free-radical scavenging, demonstrating improvements to a variety of human physiological processes including appetite, pain-sensation, mood, and memory. Despite the government approvals, there are still obstacles preventing the continuation of the Company's research; namely, the inability to import the seeds and other research materials necessary. The Company is working with the Uruguay government to resolve these issues and research will recommence once resolved.

## **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**

Plandaí markets its products through distribution companies who sell to various nutraceutical and supplement companies that require high-quality bio-available extracts for their products. In certain countries where it is economically feasible, Plandaí sells direct to nutraceutical and supplement manufacturers. The Company presently has distribution agreements with representation worldwide and also sells direct to customers in South Africa.

## **RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014**

### **SALES**

For the three months ended September 30, 2015, revenues were \$40,831 compared to revenues of \$26,387 for the quarter ended September 30, 2014. Sales for both the 2015 and 2014 quarters mostly included sales of timber from the Company's tea estate in South Africa and revenues from the on-site store.

### **EXPENSES**

Our total expenses for the three months ended September 30, 2015 were \$919,996 compared to \$1,500,709 for the same period of the prior year. The primary decrease resulted from General and Administrative, which went from \$636,187 to \$123,452, principally from the reduction in operating costs in South Africa as the factory construction was nearing completion. Additional reductions of \$103,655 in Professional Services were also recorded due to lower legal costs. These decreases were partially offset by an increase in Depreciation Expense, which increased from \$46,357 to \$144,213 resulting from commencing depreciation on the factory when it was placed in service January 1, 2015.

## **OTHER INCOME & EXPENSES**

Other Income and Expenses for the three months ended September 30, 2015 consisted of interest expense of \$309,880, compared to \$117,893 for the three months ended September 30, 2014. The increase resulted from the Company having substantially greater interest-bearing debt in 2015 versus 2014. In addition, during the three months ended September 30, 2014, the Company recorded \$981,260 in non-recurring settlement income.

## **LIQUIDITY AND CAPITAL RESOURCES**

For the three months ended September 30, 2015, the Company used cash in operating activities totaling \$288,479, which was primarily attributable to a loss from operations of \$1,189,045 offset by several non-cash expense items such as depreciation of \$144,213, stock issued for services of \$61,000, interest expense of \$195,993 added to debt principal, and deferred lease obligation of \$92,373. Additionally, the loss was offset by changes in assets and liabilities including a decrease in prepaid and other current assets of \$143,739, an increase in account payable and accrued liabilities of \$163,025, and an increase in accrued interest of \$101,556. Cash used in investing activities was \$5,769, which consisted of the purchase of fixed assets to be used in production activities. Cash provided by financing activities was \$305,423 generated primarily from third party loans of \$400,000, and the sale of common stock of \$75,000, offset by the payment on notes of \$169,577. As of September 30, 2015, the Company had current assets of \$142,590 compared to current liabilities of \$14,801,412. Included in current liabilities is \$13,955,396 in notes payable, of which \$5,031,120 is long-term debt that has been reclassified as current due to the Company being out of compliance with certain loan covenants.

## **PLAN OF OPERATION**

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 Africa (Pty) Limited, executed final loan documents on a 100 million Rand (approx. \$7.2 million at current rate of exchange) financing with the Land and Agriculture Bank of South Africa and began rehabilitating the Senteeko Tea Estate so that it can begin producing up to 20 metric tons of tea leaf per day commencing with the September 2015 growing season. The Company has also completed construction of the factory and associated equipment necessary to begin the extraction process on live botanical matter, including green tea and citrus, with the factory becoming operational in December 2014. The facility commenced processing green tea material for its Phytofare™ Catechin Complex in January 2015 and sales commenced in May 2015. In addition, the Company borrowed \$6,900,000 from an unrelated third party and sold shares of restricted common stock to raise operating capital. Management anticipates that, over the coming several months, the Company will continue to need additional investment in the form of either issuing new debt or proceeds from the sale of stock until such time as it can generate sufficient cash flow from the sale of its products.

## **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 derives its revenue from the production and sale of bioavailable extracts in both raw material and finished product form. Revenues are recognized when product is ordered and delivered. Product shipped on consignment is not counted in revenue until sold. The Company also generates revenues from the sales of timber from its estate in South Africa. Such revenues are recorded when the timber is transferred to the customer, which generally coincides with the receipt of payment. Finally, the Company receives nominal income from a general store operated for the convenience of workers who live on-site.

### **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.

Intangible assets are accounted for in accordance with ASC Topic 350, “Intangibles – Goodwill and Other”. We assess the impairment of long-lived assets 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. The share exchange did not result in the recording of goodwill and there is not currently any goodwill recorded. In February 2014, the Company purchased a license from Diego Pellicer in exchange for warrants to purchase shares of the Company's common stock. The value of such warrants was capitalized as a License; however, since the Company has thus far not produced and sold a product that would benefit from the license, an impairment reserve of 100% of original value was recorded against the license.



### **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.

### **Off-Balance Sheet Arrangements**

We have no off-balance sheet arrangements.

### **Non-Controlling 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 Plandai, while on the income statement, the non-controlling shareholder allocation of net loss has been shown in the Consolidated Statement of Operations.

### **Currency Translation Adjustment**

The Company maintains significant operations in South Africa, where the currency is the Rand. The subsidiary financial statements are therefore converted into US dollars prior to consolidation with the parent entity, Plandai Biotechnology, Inc. US GAAP requires that the weighted average exchange rate be applied to the foreign income statements and that the closing exchange rate as of the period end date be applied to the balance sheet. The cumulative foreign currency adjustment is included in the equity section of the balance sheet. Since most of our assets and operations are in South Africa, as the dollar strengthens in comparison to the Rand, it reduces both the carrying value of our assets and the amount of our liabilities.

## **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK RISKS RELATED TO OUR BUSINESS**

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

We have historically lost money. The loss for the fiscal year ended June 30, 2015 was \$9,582,457 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 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.

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**

The report of our independent accountants on our June 30, 2015 financial statements includes an explanatory paragraph indicating that there is substantial doubt about our ability to continue as a going concern due to recurring losses and working capital shortages. Our ability to continue as a going concern will be determined by our ability to obtain additional funding and our ability to generate adequate revenues from the sale of our products. Our financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Our Common Stock May Be Affected By Limited Trading Volume and May Fluctuate Significantly**

There has been a limited public market for our common stock and there can be no assurance that an active trading market for our common stock will develop. As a result, this could adversely affect our shareholders' ability to sell our common stock in short time periods, or possibly at all. 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**

To date, there has been only a limited public market for our common stock. Our common stock is currently quoted on the OTCBB. 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 Baylis-Duffield, our President. We cannot assure you 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. We have no life insurance on Mr. Duffield.

### **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.

### **Farming and Agriculture Represents a Significant Aspect of our Operations Which Can Be Affected by Adverse Weather Conditions**

The manufacture of our products relies on the use of live plant material that requires our production facility to be located adjacent to the source of raw materials. Accordingly, it is impractical in most instances to import raw materials for production in the event natural disasters or adverse weather affects our crops. Hail, drought, flooding and fires are potential risks in our area, any or a combination of which could impact our ability to harvest raw materials and produce our extracts. We have been unable to obtain insurance covering crop failure or business interruption due to weather or disaster in South Africa and therefore do not carry this insurance coverage. As a result, if we are unable to harvest, it could have a material adverse effect on our ability to continue as a going concern.

### **Our Primary Operations are in South Africa Which Does Not Presently Have Stable Utilities Infrastructure and Which Also Can Be Affected by Escalating Labor Rates and Other Overhead**

Our production facility is located in rural South Africa. In recent years, South Africa in general has suffered from an unstable utilities infrastructure that, as a result, can cause temporary power blackouts. Since our factory is connected to the municipal power grid, a loss of power for an extended period of time can result in the loss of any product currently in production. Repetitive instances of power loss could materially impact our ability to produce finished products and impact our ability to continue as a going concern. We are in the process of installing backup generators to protect against power interruption, but these will not be operational until later in 2016. In addition, the South African legislation has the authority to regulate the wages paid to laborers and, in the past, has increased the base labor rates dramatically and without notice. While most of the labor we use is contracted through third parties, a sudden, significant increase in labor rates could have a short-term effect on our cost to produce finished goods and impact our cash flows.

#### **ITEM 4. CONTROLS AND PROCEDURES**

##### **Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") that are designed to be effective in providing reasonable assurance that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission (the "SEC"), and that such information is accumulated and communicated to our management to allow timely decisions regarding required disclosure.

In designing and evaluating disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute assurance of achieving the desired objectives. Also, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. The design of any system of controls is based, in part, upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of management, including our chief executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon that evaluation, management concluded that our disclosure controls and procedures were not effective as of September 30, 2015 to ensure that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods prescribed by SEC, and that such information is accumulated and communicated to management, including our chief executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

### **Changes in Internal Control over Financial Reporting**

There was no change in our internal controls over financial reporting identified in connection with the requisite evaluation that occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting apart from appointing new independent auditors and financial personal to assist with the timely and accurate preparation, review, and audit of our Exchange Act reports.

## **PART II**

### **ITEM 1. LEGAL PROCEEDINGS**

None.

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

This item is not applicable as we are currently considered a smaller reporting company.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

During the three months ended September 30, 2015, the Company issued a total of 1,264,600 shares of unregistered, restricted common stock which were issued under an exemption from registration provided by Rule 144 of the Securities Act of 1933, as follows:

1. The Company issued 1,164,600 restricted common shares for \$75,000 cash.
2. The Company issued 100,000 restricted common shares for services valued at \$16,000.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. MINING SAFETY DISCLOSURES**

Not applicable.

**ITEM 5. OTHER INFORMATION**

None.



**ITEM 6. EXHIBITS**

Plandai Biotechnology, Inc. includes herewith the following exhibits:

<b>Exhibit</b>	<b>Exhibit Description</b>	<b>Filed herewith</b>	<b>Incorporated by reference</b>		
			<b>Form</b>	<b>Period ending</b>	<b>Exhibit date</b>
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X			
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X			
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X			
32.2	Certification of Chief Financial Officer pursuant to 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 Document	X			
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	X			
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	X			
101.DEF	XBRL Taxonomy Extension Definition Linkbase Definition	X			

**SIGNATURES**

In accordance with the requirements 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)

By: /s/ Roger Duffield

Date: July 29, 2016 Roger Duffield, President

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