

**Professional Ag Services, Inc.**

**Financial Report – 31 March 2016**

**RSM Australia Partners**

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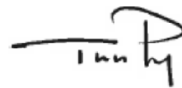
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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Professional Ag Services, Inc. for the year ended 31 March 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.



RSM AUSTRALIA PARTNERS



TUTU PHONG  
Partner

Perth, WA  
Dated: 3 July 2017

**Professional Ag Services, Inc.**

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**31 March 2016**

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**General information**

The financial statements cover Professional Ag Services, Inc. as an individual entity. The financial statements are presented in US dollars, which is Professional Ag Services, Inc.'s functional and presentation currency.

Professional Ag Services, Inc., is a company limited by shares, incorporated and domiciled in Washington, North America. Its registered office and principal place of business are:

**Registered office**

PO Box 69-250  
Lincoln, New Zealand

**Principal place of business**

1102 North California Avenue  
Pasco, WA, USA 99301

The financial statements were authorised for issue, in accordance with a resolution of directors, on 3 July 2017. The directors have the power to amend and reissue the financial statements.

**Professional Ag Services, Inc.**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 31 March 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
Services revenue	1,642,633	1,574,306
Other income	5,675	6,507
	<u>1,648,308</u>	<u>1,580,813</u>
<b>Expenses</b>		
Salaries and wages	(1,074,465)	(999,283)
Finance costs	(8,493)	(10,783)
Operating and motor vehicle costs	(426,456)	(472,953)
	<u>(1,509,414)</u>	<u>(1,483,019)</u>
<b>Profit before income tax expense</b>	<u>138,894</u>	<u>97,794</u>
Income tax expense	<u>(35,641)</u>	<u>(28,017)</u>
<b>Profit after income tax expense for the year attributable to the owners of Professional Ag Services, Inc.</b>	<u>103,253</u>	<u>69,777</u>
Other comprehensive income for the year, net of tax	<u>-</u>	<u>-</u>
<b>Total comprehensive profit for the year attributable to the owners of Professional Ag Services, Inc.</b>	<u>103,253</u>	<u>69,777</u>

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Professional Ag Services, Inc.  
Statement of financial position  
As at 31 March 2016**

	Note	2016 \$	2015 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	127,350	114,130
Trade and other receivables		4,243	1,267
<b>Total current assets</b>		<u>131,593</u>	<u>115,397</u>
<b>Non-current assets</b>			
Plant and equipment		324,355	257,302
<b>Total non-current assets</b>		<u>324,355</u>	<u>257,302</u>
<b>Total assets</b>		<u>455,948</u>	<u>372,699</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		15,924	12,489
Borrowings	4	324,544	307,983
<b>Total current liabilities</b>		<u>340,468</u>	<u>320,472</u>
<b>Total liabilities</b>		<u>340,468</u>	<u>320,472</u>
<b>Net assets</b>		<u>115,480</u>	<u>52,227</u>
<b>Equity</b>			
Issued capital	5	10,000	10,000
Retained profits		105,480	42,227
<b>Total equity</b>		<u>115,480</u>	<u>52,227</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Professional Ag Services, Inc.  
Statement of changes in equity  
For the year ended 31 March 2016**

	<b>Issued capital \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
<b>Balance at 1 April 2014</b>	10,000	(27,550)	(17,550)
Shares issued during the year	-	-	-
Total comprehensive profit for the year after tax	-	69,777	69,777
<b>Balance at 31 March 2015</b>	<u>10,000</u>	<u>42,227</u>	<u>52,227</u>
<b>Balance at 1 April 2015</b>	10,000	42,227	52,227
Shares issued during the year	-	-	-
Dividends	-	(40,000)	(40,000)
Total comprehensive profit for the year after tax	-	103,253	103,253
<b>Balance at 31 March 2016</b>	<u>10,000</u>	<u>105,480</u>	<u>115,480</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Professional Ag Services, Inc.**  
**Statement of cash flows**  
**For the year ended 31 March 2016**

	Note	2016 \$	2015 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		1,645,332	1,581,079
Payments to suppliers and employees		(1,487,735)	(1,409,848)
Borrowing costs		(8,493)	(10,783)
Income tax paid		(35,967)	(28,611)
		<u>113,137</u>	<u>131,837</u>
<b>Net cash from operating activities</b>			
<b>Cash flows from investing activities</b>			
		<u>-</u>	<u>-</u>
<b>Net cash from investing activities</b>			
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		276,400	266,302
Repayment of borrowings		(252,771)	(277,951)
Finance lease payments		(83,546)	(84,842)
Dividends paid		(40,000)	-
		<u>(99,917)</u>	<u>(96,491)</u>
<b>Net cash from financing activities</b>			
<b>Net movement in cash and cash equivalents</b>			
		13,220	35,346
Cash and cash equivalents at the beginning of the financial year		<u>114,130</u>	<u>78,784</u>
<b>Cash and cash equivalents at the end of the financial year</b>	3	<u>127,350</u>	<u>114,130</u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

### **Note 1. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

#### **Basis of preparation**

In the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of distributing financial statements to the owners of Professional Ag Services, Inc. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the owners of Professional Ag Services, Inc.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the International Financial Reporting Standards.

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention.

#### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

#### **Revenue recognition**

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

#### *Service revenue*

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

#### *Interest*

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

#### *Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

#### **Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

#### **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.



**Note 1. Significant accounting policies (continued)**

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured.

**Borrowings**

Loans and borrowings received are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

**Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**New Accounting Standards and Interpretations not yet mandatory or early adopted**

Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 31 March 2016. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

**Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. There are no judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Professional Ag Services, Inc.**  
**Notes to the financial statements**  
**31 March 2016**

**Note 3. Current assets - cash and cash equivalents**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	127,350	114,130
	<u>127,350</u>	<u>114,130</u>

**Note 4. Current liabilities - borrowings**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Motor vehicle financing	123,914	130,983
Operating line loan *	200,630	177,000
	<u>324,544</u>	<u>307,983</u>

\* The operating line loan is secured by company's assets.

**Note 5. Equity - issued capital**

	<b>2016</b>	<b>2016</b>
	<b>Shares</b>	<b>\$</b>
Ordinary shares - fully paid	<u>10,000</u>	<u>10,000</u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

**Note 6. Contingent liabilities**

The company had no contingent liabilities as at 31 March 2016.

**Note 7. Commitments**

The company had no commitments for expenditure as at 31 March 2016.

**Note 8. Events after the reporting period**

On the 28 April 2017, CropLogic Limited acquired Professional Ag Services, Inc.

No other matter or circumstance has arisen since 31 March 2016 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

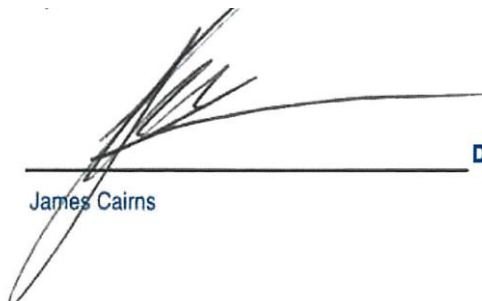
**Professional Ag Services, Inc.  
Directors' declaration  
For the year ended 31 March 2016**

In the directors' opinion:

- the company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, the attached special purpose financial statements have been prepared in accordance with the accounting policies described in Note 1;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 March 2016 and of its performance for the year ended on that date in accordance with the accounting policies as described in Note 1; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

On behalf of the directors

  
\_\_\_\_\_  
James Cairns Director

03 July 2017

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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
PROFESSIONAL AG SERVICES, INC.**

**Opinion**

We have audited the financial report of Professional Ag Services, Inc. (the "Company"), which comprises the statement of financial position as at 31 March 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial report of the Company:

- (i) gives a true and fair view of the Company's financial position as at 31 March 2016 and of its financial performance for the year then ended; and
- (ii) complies with International Financial Reporting Standards to the extent described in Note 1.

**Basis for Opinion**

We conducted our audit in accordance with International Standards of Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with any applicable code of professional conduct in relation to the audit. We have also fulfilled our other ethical responsibilities in accordance with any Code.

We confirm that the independence declaration which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter – Basis of Accounting**

We draw attention to Note 1, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting requirements. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

## **Responsibilities of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards of Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the International Standards of Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

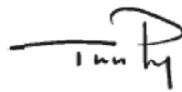
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

RSM

RSM AUSTRALIA PARTNERS



TUTU PHONG  
Partner

Perth, WA  
Dated: 3 July 2017