

Plandai Biotechnology, Inc.
Form 10-Q
May 20, 2013
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: March 31, 2013

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 **45-3642179**
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

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

Registrant's telephone number, including area code: (619)202-7456

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)

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

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

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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 May 10, 2013, the issuer had 110,645,300 shares of its common stock issued and outstanding.

PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

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

	March 31, 2012	June 30, 2012
	(Unaudited)	(Audited)
ASSETS		
Current Assets:		
Cash	\$574,760	\$5,112
Inventory	6,742	—
Accounts Receivable	11,516	—
Total Current Assets	593,018	5,112
Deposits on Equipment	6,349,488	5,813,990
Other Assets	289,245	22,068
Fixed Assets – Net	1,202,514	215,837
Total Assets	\$8,434,265	\$6,057,007
LIABILITIES & STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$388,888	\$64,322
Accrued Interest	74,276	28,219
Related Party Payables	217,237	7,940
Total Current Liabilities	680,401	100,481
Loans from Related Parties	527,358	402,903
Credit Line	2,208,703	614,168
Long Term Debt, Net of Discount	7,212,182	5,228,990
TOTAL LIABILITIES	10,628,644	6,346,542
STOCKHOLDERS' DEFICIT		
Common Stock, authorized 500,000,000 shares, \$0.0001 par value \$0.0001, 110,645,300 shares issued and outstanding as of December 3, 2012 and 110,895,300 as of June 30, 2012	11,065	11,090
Additional Paid-In Capital	7,813,729	7,894,278
Retained Deficit	(9,505,268)	(8,134,698)
Cumulative Foreign Currency Translation Adjustment	138,061	4,225
Total Stockholders' Deficit	(1,542,413)	(225,105)
Non-controlling Interest	(651,966)	(64,430)
Equity Allocated to Plandai Biotechnology	(2,194,379)	(289,535)
Total Liabilities and Stockholders' Deficit	\$8,434,265	\$6,057,007

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

PLANDAI BIOTECHNOLOGY, INC.
 STATEMENTS OF OPERATIONS
 (UNAUDITED)

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012	Nine Months Ended March 31, 2013	Nine Months Ended March 31, 2012
Revenues	\$65,850	\$33,850	\$313,716	\$49,017
Cost of Goods	356,363	—	720,838	—
Gross Profit	(290,513)	33,850	(407,122)	49,017
Expenses:				
Salaries & Wages	115,487	2,172,726	308,523	2,215,450
Rent	189,153	—	216,803	—
Utilities	2,102	3,276	6,457	20,453
Research	—	—	23,098	—
Insurance	24,860	—	101,118	—
Professional Services	114,704	170,075	184,124	170,075
Depreciation	40,500	—	87,822	—
General & Administrative	180,206	122,194	445,740	150,505
Total Expenses	667,012	2,468,271	1,373,685	2,556,483
Operating Income (Loss)	(957,527)	(2,434,421)	(1,780,807)	(2,507,466)
Interest Expense	(73,519)	—	(179,952)	—
Other Income/(Expense)	—	—	2,653	—
Net Income (Loss)	\$(1,031,044)	\$(2,434,421)	\$(1,958,106)	\$(2,507,466)
Income (Loss) Allocated to Non-controlling Interest	\$331,260	\$7,507	\$587,536	\$26,569
Net Loss, Adjusted	\$(699,784)	\$(2,426,914)	\$(1,370,570)	\$(2,480,897)
Other Comprehensive Income (loss):				
Foreign Currency Translation Adjustment	127,614	(268)	133,836	(268)
Comprehensive Income (Loss)	\$(572,170)	\$(2,427,182)	\$(1,236,735)	\$(2,481,165)
Basic & diluted loss per share	\$(0.01)	\$(0.02)	\$(0.01)	\$(0.03)
Weighted Avg. Shares Outstanding	110,895,300	104,408,633	110,895,300	87,064,120

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

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

	For the nine months ended March 31, 2013	For the nine months ended March 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	\$(1,370,570)	\$(2,480,897)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	87,822	229
Loss Allocated to Non-controlling Owners	(587,536)	(26,569)
Stock Issued for Services	(85,000)	2,283,600
Stock Issued to Retire Third Party Debt	—	69,300
Foreign Currency Translation Adjustment	133,836	—
Forgiveness of Interest	4,426	—
Decrease in Prepaid Expenses	22,068	—
Increase in Accounts Receivable	(11,516)	—
Increase in Inventory	(6,742)	—
Increase in Other Assets	(289,244)	—
Increase in Accounts Payable and Accrued Expenses	324,566	15,819
Increase in Related Party Payables	209,297	—
Increase in Accrued Interest	46,057	—
Net Cash Provided by (Used in) Operating Activities	(1,522,536)	(138,458)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Deposits on Equipment	(535,498)	—
Repayment of Loans to Related Parties	—	10,265
Purchase of Fixed Assets	(1,074,499)	(805)
Net Cash Used in Investing Activities	(1,609,997)	9,460
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in Long-term Debt, Net of Discount	1,983,192	—
Net Borrowings under Credit Line	1,594,535	—
Loans from Related Parties	124,454	142,725
Net Cash Provided by (Used in) Financing Activities	3,702,181	142,725
Net (Decrease) Increase in Cash and Cash Equivalents	569,648	13,727
Cash and Cash Equivalents at Beginning of Period	5,112	172
Cash and Cash Equivalents at End of Period	\$574,760	\$13,899

NON-CASH TRANSACTIONS

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Stock issued in share exchange	\$—	\$1,143
Stock issued for prepaid expenses	\$—	\$582,500
Stock issued to retire debt	\$—	\$69,300

SUPPLEMENTAL CASH FLOW INFORMATION:

Cash paid during the period for:

Interest	\$—	\$—
Taxes	\$—	\$—

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

PLANDAI BIOTECHNOLOGY, INC.**CONSOLIDATED STATEMENTS OF EQUITY**

	Common Stock Shares	Additional Amount	Foreign Paid-in Capital	Cummulative Currency Translation	Minority Interest	Retained Deficit	Total
Balance June 30, 2011 (Audited)	76,000,000	\$7,600	\$4,195,610	\$—	\$(14,771)	\$(4,410,050)	\$(221,611)
Deemed capital contribution from forgiveness of related party debt	—	—	139,458	—	—	—	139,458
Stock issued on share exchange November 17, 2011	25,415,300	2,542	(2,542)	—	—	—	—
Foreign currency translation adjustment	—	—	—	4,225	—	—	4,225
Shares issued as loan origination fee	1,500,000	150	584,850	—	—	—	585,000
Shares issued for services	7,980,000	798	2,976,902	—	—	—	2,977,700
Net loss	—	—	—	—	(49,659)	(3,724,648)	(3,774,307)
Balance June 30, 2012 (Audited)	110,895,300	11,090	7,894,278	4,225	(64,430)	(8,134,698)	(289,535)
Cancelled shares	(250,000)	(25)	(84,975)	—	—	—	—
Foreign currency translation adjustment	—	—	—	133,836	—	—	(43,044)
Forgiveness of interest	—	—	4,426	—	—	—	4,426
Net loss	—	—	—	—	(587,536)	(1,370,570)	(1,866,227)
Balance March 31, 2013 (Unaudited)	110,645,300	\$11,065	\$7,813,729	\$138,061	\$(651,966)	\$(9,505,268)	\$(2,194,379)

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

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PLANDAI BIOTECHNOLOGY, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2013**

(UNAUDITED)

NOTE 1 - NATURE OF OPERATIONS AND GOING CONCERN

Plandai Biotechnology, Inc.'s (the "Company") 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 Biotechnology, Inc., through its recent 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 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.

These financial statements should be read in conjunction with the Company's annual report for the year ended June 30, 2012 previously filed on Form 10-K. In management's opinion, all adjustments necessary for a fair statement of the results for the interim periods have been made. All adjustments made were of a normal recurring nature.

Organization and Basis of Presentation

On November 17, 2011, the Company, through its wholly-owned subsidiary, Plandai Biotechnologies, Inc., consummated a share exchange with Global Energy Solutions, Inc. ("GES"), an Irish corporation. Under the terms of the share exchange, GES received 76,000,000 shares of the Company's common stock that had been previously issued to Plandai in exchange for 100% of the issued and outstanding capital of GES. Concurrent with the share exchange, the Company sold its subsidiary, Diamond Ranch, Ltd., together with its wholly-owned subsidiary, Executive Seafood, Inc., to a former officer and director of Diamond Ranch. Under the terms of the sale, the purchasers assumed all associated debt as consideration. During the three months ended December 31, 2011 and through the date of the share exchange, Diamond Ranch, Ltd. and Executive Seafood, Inc. had negligible revenues from operations, generated a net loss of \$126,000, and as of December 31, 2011, liabilities exceeded assets by over \$5,000,000. The Company subsequently changed its name to Plandai Biotechnology, Inc.

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

In management's opinion, all adjustments necessary for a fair statement of the results for the presented periods have been made. All adjustments made were of a normal recurring nature. As a result of the share exchange, the Company changed its fiscal year end to coincide with that of GES, which is June 30. The accompanying financial statements therefore represent the results of operations for the three and nine months ended March 31, 2013.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES

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