

S&W SEED COMPANY
(A NEVADA CORPORATION)
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended June 30,				Years Ended June 30,			
	2014	2013			2014	2013		
	GAAP	GAAP	NON-GAAP Adjustments	Adjusted	GAAP	GAAP	Non-GAAP Adjustments	Adjusted
Revenue	\$ 19,564,135	\$ 12,723,905		\$ 12,723,905	\$ 51,533,643	\$ 37,338,258	-	\$ 37,338,258
Cost of revenue	<u>15,925,669</u>	<u>10,323,048</u>	(192,914)	<u>10,130,134</u>	<u>41,561,736</u>	<u>33,743,221</u>	(2,333,123)	<u>31,410,098</u>
Gross profit	3,638,466 18.6%	2,400,857 18.9%	192,914	2,593,771 20.4%	9,971,907 19.4%	3,595,037 9.6%	2,333,123	5,928,160 15.9%
Operating expenses								
Selling, general and administrative expenses	2,026,625	2,666,835	(300,881)	2,365,954	6,815,576	5,762,838	(486,166)	5,276,672
Research and development expenses	194,633	230,570		230,570	840,578	505,872		505,872
Depreciation and amortization	<u>318,571</u>	<u>320,023</u>		<u>320,023</u>	<u>1,265,739</u>	<u>694,595</u>		<u>694,595</u>
Total operating expenses	<u>2,539,829</u>	<u>3,217,428</u>	<u>(300,881)</u>	<u>2,916,547</u>	<u>8,921,893</u>	<u>6,963,305</u>	<u>(486,166)</u>	<u>6,477,139</u>
Income (loss) from operations	1,098,637	(816,571)	493,795	(322,776)	1,050,014	(3,368,268)	2,819,289	(548,979)
Other expense								
Gain on disposal of fixed assets	(5,024)	-	-	-	(11,921)	-	-	-
Foreign currency (gain) loss	(10,158)	263,973	-	263,973	(51,571)	263,973	-	263,973
Interest expense, net	<u>223,913</u>	<u>196,008</u>	<u>-</u>	<u>196,008</u>	<u>653,290</u>	<u>226,909</u>	<u>-</u>	<u>226,909</u>
Income (loss) before income tax expense (benefit)	889,906	(1,276,552)		(782,757)	460,216	(3,859,150)		(1,039,861)
Income tax expense (benefit)	269,553	(397,534)	153,774	(243,760)	87,116	(1,343,123)	981,214	(361,909)
Net income (loss)	<u>\$ 620,353</u>	<u>\$ (879,018)</u>	<u>340,021</u>	<u>\$ (538,997)</u>	<u>\$ 373,100</u>	<u>\$ (2,516,027)</u>	<u>1,838,075</u>	<u>\$ (677,952)</u>
Net income (loss) per common share:								
Basic	\$ 0.05	\$ (0.08)		\$ (0.05)	\$ 0.03	\$ (0.29)		\$ (0.08)
Diluted	<u>\$ 0.05</u>	<u>\$ (0.08)</u>		<u>\$ (0.05)</u>	<u>\$ 0.03</u>	<u>\$ (0.29)</u>		<u>\$ (0.08)</u>
Weighted average number of common shares outstanding:								
Basic	11,606,103	11,405,120		11,405,120	11,572,406	8,770,975		8,770,975
Diluted	<u>11,740,919</u>	<u>11,405,120</u>		<u>11,405,120</u>	<u>11,733,621</u>	<u>8,770,975</u>		<u>8,770,975</u>

TABLE A

S&W SEED COMPANY
(A NEVADA CORPORATION)
ITEMIZED RECONCILIATION BETWEEN NET INCOME (LOSS) AND NON-GAAP ADJUSTED EBITDA

	Three Months Ended June 30,				Years Ended June 30,			
	2014	2013			2014	2013		
	GAAP	GAAP	Non-GAAP Adjustments	Adjusted	GAAP	GAAP	Non-GAAP Adjustments	Adjusted
Net income (loss)	\$ 620,353	\$ (879,018)	\$ 340,021	\$ (538,997)	\$ 373,100	\$ (2,516,027)	\$ 1,838,075	\$ (677,952)
Depreciation and amortization	318,571	320,023		320,023	1,265,739	694,595		694,595
Non-cash stock based compensation	220,108	685,083		685,083	872,711	1,053,895		1,053,895
Foreign currency (gain) loss	(10,158)	263,973		263,973	(51,571)	263,973		263,973
Interest expense, net	223,913	196,008		196,008	653,290	226,909		226,909
Income tax expense (benefit)	269,553	(397,534)	153,774	(243,760)	87,116	(1,343,123)	981,214	(361,909)
Non-GAAP Adjusted EBITDA	<u>\$ 1,642,340</u>	<u>\$ 188,535</u>		<u>\$ 682,330</u>	<u>\$ 3,200,385</u>	<u>\$ (1,619,778)</u>		<u>\$ 1,199,511</u>



**S&W SEED COMPANY
(A NEVADA CORPORATION)
CONSOLIDATED BALANCE SHEETS**

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,167,503	\$ 11,781,074
Accounts receivable, net	24,255,596	12,700,106
Inventories, net	28,485,584	25,822,467
Prepaid expenses and other current assets	230,907	509,037
Deferred tax asset	1,300,665	954,874
TOTAL CURRENT ASSETS	<u>55,440,255</u>	<u>51,767,558</u>
Property, plant and equipment, net	10,356,809	10,239,435
Goodwill	4,939,462	4,832,050
Other intangibles, net	14,590,771	15,240,835
Crop production costs, net	1,952,100	1,582,599
Deferred tax asset - long term	1,666,488	1,920,742
Other asset - long term	354,524	-
TOTAL ASSETS	<u>\$ 89,300,409</u>	<u>\$ 85,583,219</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 15,026,669	\$ 19,512,235
Accounts payable - related parties	1,053,874	893,929
Accrued expenses and other current liabilities	818,730	1,662,642
Working capital lines of credit	15,888,640	6,755,998
Foreign exchange contract liability	-	663,043
Current portion of long-term debt	267,764	746,788
TOTAL CURRENT LIABILITIES	<u>33,055,677</u>	<u>30,234,635</u>
Non-compete payment obligation, less current portion	150,000	200,000
Other non-current liabilities	21,108	122,881
Deferred tax liability - non-current	106,758	299,682
Long-term debt, net	4,452,631	4,668,958
TOTAL LIABILITIES	<u>37,786,174</u>	<u>35,526,156</u>
STOCKHOLDERS' EQUITY		
Preferred stock, \$0.001 par value; 5,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock, \$0.001 par value; 50,000,000 shares authorized; 11,665,093 issued and 11,640,093 outstanding at June 30, 2014; 11,584,101 issued and outstanding at June 30, 2013	11,666	11,585
Treasury stock, at cost, 25,000 shares at June 30, 2014 and no shares at June 30, 2013	(134,196)	-
Additional paid-in capital	55,121,876	54,338,758
Retained earnings (deficit)	(1,816,344)	(2,189,444)
Accumulated other comprehensive loss	(1,668,767)	(2,103,836)
TOTAL STOCKHOLDERS' EQUITY	<u>51,514,235</u>	<u>50,057,063</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 89,300,409</u>	<u>\$ 85,583,219</u>



S&W SEED COMPANY
(A NEVADA CORPORATION)
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended	
	June 30,	
	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 373,100	\$ (2,516,027)
Adjustments to reconcile net income (loss) from operating activities to net cash used in operating activities		
Stock-based compensation	872,711	1,053,895
Change in allowance for doubtful accounts	49,687	22,869
Stevia crop loss charge	-	2,333,123
Depreciation and amortization	1,265,739	694,595
Gain on disposal of fixed assets	(11,921)	-
Change in foreign exchange contracts	(666,310)	778,478
Amortization of debt discount	51,438	12,686
Changes in:		
Accounts receivable	(11,301,001)	(5,582,324)
Inventories	(2,135,746)	(3,548,868)
Prepaid expenses and other current assets	273,415	(354,685)
Crop production costs	(369,501)	(484,307)
Deferred tax asset	(512,971)	(1,663,149)
Accounts payable	(4,890,482)	2,583,242
Accounts payable - related parties	150,393	592,343
Accrued expenses and other current liabilities	(912,671)	1,101,243
Other non-current liabilities	(102,918)	(1,705)
Net cash used in operating activities	<u>(17,867,038)</u>	<u>(4,978,591)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(434,416)	(7,738,876)
Proceeds from disposal of fixed assets	24,832	-
Acquisition of business	-	(8,000,000)
Acquisition of germ plasm	-	(57,500)
Investment in Bioceres	(354,525)	-
Net cash used in investing activities	<u>(764,109)</u>	<u>(15,796,376)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from sale of common stock in equity offerings	-	12,876,224
Net proceeds from warrant exercises	213,676	9,579,888
Redemption of unexercised warrants	-	(6,765)
Common stock repurchased	(134,196)	-
Taxes paid related to net share settlements of stock-based compensation awards	(303,188)	-
Borrowings and repayments on lines of credit, net	8,914,888	(513,344)
Borrowings of long-term debt	-	2,625,000
Repayments of long-term debt	(746,789)	(91,949)
Net cash provided by financing activities	<u>7,944,391</u>	<u>24,469,054</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH	<u>73,185</u>	<u>(148,508)</u>
NET INCREASE (DECREASE) IN CASH	(10,613,571)	3,545,579
CASH AND CASH EQUIVALENTS, beginning of the period	<u>11,781,074</u>	<u>8,235,495</u>
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 1,167,503</u>	<u>\$ 11,781,074</u>