

# SECURITIES & EXCHANGE COMMISSION EDGAR FILING

## NaturalShrimp Inc

**Form: 10-Q**

**Date Filed: 2016-02-16**

Corporate Issuer CIK: 1465470

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended December 31, 2015

or

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

For the Transition Period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number: 000-54030

**NATURALSHRIMP INCORPORATED**

(Exact name of registrant as specified in its charter)

Nevada 74-3262176  
(State or other Jurisdiction of Incorporation or Organization) (I.R.S. Employer Identification No.)

9400 North Central Expressway, Suite #910  
Dallas, Texas

(Address of Principal Executive Offices)

75231

(Zip Code)

(646) 653-1910

(Registrant's telephone number, including area code)

N/A

(Former Name or Former Address, if Changed Since Last Report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

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

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

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No .

As of February 11, 2016, there were 89,399,012 shares of the registrant's common stock outstanding.

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**NATURALSHRIMP INCORPORATED**  
**FORM 10-Q**  
**FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2015**

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**PART I – FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**NATURALSHRIMP INCORPORATED  
CONSOLIDATED BALANCE SHEETS**

	(Unaudited) December 31, 2015	March 31, 2015
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 39,998	\$ 220,874
Accounts receivable	-	3,203
Total current assets	<u>39,998</u>	<u>224,077</u>
Fixed assets		
Land	202,293	202,293
Buildings	1,328,161	1,328,161
Machinery and equipment	929,214	893,234
Autos and trucks	14,063	14,063
Furniture and fixtures	22,060	22,060
Accumulated depreciation	(1,151,714)	(1,086,464)
Fixed assets, net	<u>1,344,077</u>	<u>1,373,347</u>
Other assets		
Deposits	11,500	11,500
Total other assets	<u>11,500</u>	<u>11,500</u>
Total assets	<u>\$ 1,395,575</u>	<u>\$ 1,608,924</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities		
Short-term note and Lines of credit	\$ 790,257	\$ 801,634
Accounts payable	593,247	181,759
Accrued interest - related parties	298,961	238,010
Other accrued expenses	37,914	149,421
Notes payable - related parties	520,156	560,954
Notes payable in default - related party	2,305,953	2,305,953
Total current liabilities	<u>4,546,488</u>	<u>4,237,731</u>
Total liabilities	<u>4,546,488</u>	<u>4,237,731</u>
Commitments and contingencies (Note 10)		
Stockholders' deficit		
Common stock, \$0.0001 par value, 300,000,000 shares authorized 89,384,728 and 86,777,382 shares issued and outstanding at December 31, 2015 and March 31, 2015, respectively	8,939	8,678
Additional paid in capital	25,337,944	24,078,062
Subscription stock receivable	(100)	(25,001)
Accumulated deficit	(28,497,696)	(26,690,546)
Total stockholders' deficit	<u>(3,150,913)</u>	<u>(2,628,807)</u>
Total liabilities and stockholders' deficit	<u>\$ 1,395,575</u>	<u>\$ 1,608,924</u>

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

**NATURALSHRIMP INCORPORATED**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

	For the Three Months Ended		For the Nine Months Ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Sales	\$ -	\$ -	\$ -	\$ 924
Operating expenses				
Facility operations	37,603	26,461	151,717	78,212
General and administrative	241,377	337,319	1,168,880	948,853
Depreciation	24,250	14,734	65,250	62,202
Total operating expenses	<u>303,230</u>	<u>378,514</u>	<u>1,385,847</u>	<u>1,089,267</u>
Net operating loss	<u>(303,230)</u>	<u>(378,514)</u>	<u>(1,385,847)</u>	<u>(1,088,343)</u>
Other income (expense)				
Interest expense	(35,790)	(39,122)	(108,464)	(112,470)
Other income	-	-	6,530	-
Loss on extinguishment of debt	-	-	(319,369)	-
Total other income (expense)	<u>(35,790)</u>	<u>(39,122)</u>	<u>(421,303)</u>	<u>(112,470)</u>
Loss before income taxes	(339,020)	(417,636)	(1,807,150)	(1,200,813)
Income taxes	-	-	-	-
Net loss	<u>\$ (339,020)</u>	<u>\$ (417,636)</u>	<u>\$ (1,807,150)</u>	<u>\$ (1,200,813)</u>
EARNINGS PER SHARE (Basic)	<u>\$ (0.00)</u>	<u>\$ (0.04)</u>	<u>\$ (0.02)</u>	<u>\$ (0.12)</u>
WEIGHTED AVERAGE SHARES OUTSTANDING (Basic)	<u>89,170,979</u>	<u>9,700,000</u>	<u>88,376,497</u>	<u>9,700,000</u>

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

**NATURALSHRIMP INCORPORATED**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

	For the Nine Months Ended	
	December 31, 2015	December 31, 2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (1,807,150)	\$ (1,200,813)
Adjustments to reconcile net loss to net cash used in operating activities		
Stock-based compensation	49,999	377,500
Depreciation expense	65,250	62,202
Loss on extinguishment of debt	319,369	-
Changes in operating assets and liabilities:		
Accounts receivable	3,203	(72)
Prepaid expenses and other current assets	-	(1,000)
Deposits	-	(11,000)
Accounts payable	411,488	15,497
Other accrued expenses	(87,580)	(2,249)
Accrued interest - related parties	60,951	80,388
<b>CASH USED IN OPERATING ACTIVITIES</b>	<u>(984,470)</u>	<u>(679,547)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash paid for purchase of fixed assets	(35,980)	(301)
<b>CASH USED IN INVESTING ACTIVITIES</b>	<u>(35,980)</u>	<u>(301)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowing on debt	-	170
Payment on long-term debt	-	(35,600)
Payment of related party notes payable	(5,798)	(16,000)
Borrowing on Short-Term Note and Lines of credit	38,000	-
Repayment of Lines of credit	(49,377)	38,903
Proceeds from sale of stock - pre reverse acquisition	-	731,500
Proceeds from sale of stock - post reverse acquisition	856,749	-
<b>CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>839,574</u>	<u>718,973</u>
<b>NET CHANGE IN CASH</b>	(180,876)	39,125
<b>CASH AT BEGINNING OF PERIOD</b>	220,874	11,749
<b>CASH AT END OF PERIOD</b>	<u>\$ 39,998</u>	<u>\$ 50,874</u>
<b>INTEREST PAID</b>	<u>\$ 47,513</u>	<u>\$ 32,082</u>
<b>Supplemental Disclosure of Non-Cash Investing and Financial Activities:</b>		
Common Stock issued in Settlement of Notes Payable-Related Party	\$ 35,000	\$ -

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

**NATURALSHRIMP INCORPORATED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

**NOTE 1 - NATURE OF OPERATIONS, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

NaturalShrimp Incorporated is a global shrimp farming company that has developed a technology to produce fresh, gourmet-grade shrimp reliably and economically in an indoor, re-circulating, saltwater facility. The Company's eco-friendly, bio-secure design does not rely on ocean water; it recreates the natural ocean environment allowing for high-density production which can be replicated anywhere in the world.

The Company's self-contained shrimp agriculture system allows for the production of Pacific White (*Litopenaeus vannamei*, formerly *Penaeus vannamei*) shrimp in an ecologically controlled fully contained and independent production system without the use of antibiotics or toxic chemicals. The Company has developed several proprietary technology assets, including a knowledge base that allows the production of commercial quantities of shrimp in a closed system with a computer monitoring system that automates, monitors and maintains proper levels of oxygen, salinity and temperature for optimal shrimp production.

On November 26, 2014, Multiplayer Online Dragon, Inc., a Nevada corporation ("MYDR"), entered into an Asset Purchase Agreement (the "Agreement") with NaturalShrimp Holdings, Inc., a Delaware corporation ("NSH" or the "Company"), pursuant to which MYDR was to acquire substantially all of the assets of NSH, which assets consist primarily of all of the issued and outstanding shares of capital stock of NaturalShrimp Corporation ("NSC"), a Delaware corporation, and NaturalShrimp Global, Inc. ("NS Global"), a Delaware corporation, and certain real property located outside of San Antonio, Texas (the "Assets").

As discussed in Note 9, on January 30, 2015, MYDR consummated the acquisition of the Assets pursuant to the Agreement. In accordance with the terms of the Agreement, MYDR effected a 1 for 10 reverse stock split, decreasing the issued and outstanding shares of our common stock from 97,000,000 to 9,700,000 and MYDR issued 75,520,240 shares of its common stock to NSH as consideration for the Assets. As a result of the transaction, NSH acquired 88.62% of MYDR's issued and outstanding shares of common stock, NSC and NS Global became MYDR's wholly-owned subsidiaries, and MYDR changed its principal business to a global shrimp farming company. All per share amounts reflected hereafter give effect to the 1-for-10 reverse split.

In connection with MYDR's receipt of approval from the Financial Industry Regulatory Authority ("FINRA"), effective March 3, 2015, MYDR amended its Articles of Incorporation to change its name to "NaturalShrimp Incorporated".

The Company has three wholly-owned subsidiaries including NaturalShrimp Corporation, NaturalShrimp Global, Inc. and Natural Aquatic Systems, Inc.

As used in this report and unless otherwise indicated, the term "Company" refers to NaturalShrimp Incorporated and the Company's wholly-owned subsidiaries ("Subsidiaries"). Unless otherwise specified, all dollar amounts are expressed in United States dollars.

*Basis of Presentation*

The consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been omitted. However, in the opinion of management, all adjustments (which include only normal recurring adjustments, unless otherwise indicated) necessary to present fairly the financial position and results of operations for the periods presented have been made. The results for interim periods are not necessarily indicative of trends or of results to be expected for the full year. These financial statements should be read in conjunction with the financial statements of the Company for the year ended March 31, 2015 (including the notes thereto) set forth on Form 10-K. The Company uses as guidance Accounting Standard Codification (ASC) as established by the Financial Accounting Standards Board (FASB).

## *Consolidation*

The consolidated financial statements include the accounts of NaturalShrimp Incorporated and its wholly-owned subsidiaries, NaturalShrimp Corporation, NaturalShrimp Global and Natural Aquatic Systems, Inc. All significant intercompany accounts and transactions have been eliminated in consolidation.

## *Use of Estimates*

Preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## *Basic and Fully Diluted Net Loss per Common Share*

Basic and diluted earnings or loss per share ("EPS") amounts in the consolidated financial statements are computed in accordance ASC 260 – 10, *Earnings per Share*, which establishes the requirements for presenting EPS. Basic EPS is based on the weighted average number of common shares outstanding. Diluted EPS is based on the weighted average number of common shares outstanding and dilutive common stock equivalents. Basic EPS is computed by dividing net income or loss available to common stockholders (numerator) by the weighted average number of common shares outstanding (denominator) during the period. There were no potentially dilutive securities which were excluded from the calculation of diluted loss per share, because their effect would be anti-dilutive.

## *Stock-Based Compensation*

The Company accounts for stock-based compensation to employees in accordance with ASC 718, *Compensation - Stock Compensation*, where any such compensation is measured at the grant date, based on the fair value of the award, and is recognized as expense over the requisite employee service period. The Company accounts for stock-based compensation to non-employees in accordance with ASC 505-50, *Equity-Based Payments to Non-Employees*, and is valued at the earlier of a commitment date or upon completion of the services, based on the fair value of the equity instruments and recognized as expense over the service period. The Company estimates the fair value of stock-based payments using the Black-Scholes option-pricing model for common stock options and warrants and the closing price of the Company's common stock for common share issuances. Once the stock is issued the appropriate expense account is charged. All stock-based compensation currently issued is 100% vested.

For the nine months ended December 31, 2015, there have been no stock options issued by the Company.

## *Recently Issued Accounting Pronouncements*

During the nine months ended December 31, 2015, there were several new accounting pronouncements issued by the Financial Accounting Standards Board. Each of these pronouncements, as applicable, has been or will be adopted by the Company. Management does not believe the adoption of any of these accounting pronouncements has had or will have a material impact on the Company's consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15, *Presentation of Financial Statements - Going Concern (Subtopic 205-40), Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern.* Continuation of a reporting entity as a going concern is presumed as the basis for preparing financial statements unless and until the entity's liquidation becomes imminent. Preparation of financial statements under this presumption is commonly referred to as the going concern basis of accounting. Currently, there is no guidance under US GAAP about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern or to provide related footnote disclosures. The amendments in this Update provide that guidance. In doing so, the amendments should reduce diversity in the timing and content of footnote disclosures. The amendments require management to assess an entity's ability to continue as a going concern by incorporating and expanding upon certain principles that are currently in U.S. auditing standards. Specifically, the amendments (1) provide a definition of the term substantial doubt, (2) require an evaluation every reporting period including interim periods, (3) provide principles for considering the mitigating effect of management's plans, (4) require certain disclosures when substantial doubt is alleviated as a result of consideration of management's plans, (5) require an express statement and other disclosures when substantial doubt is not alleviated, and (6) require an assessment for a period of one year after the date that the financial statements are issued (or available to be issued). For the period ended December 31, 2015, management evaluated the Company's ability to continue as a going concern and concluded that substantial doubt has not been alleviated about the Company's ability to continue as a going concern. While the Company continues to explore further significant sources of financing, management's assessment was based on the uncertainty related to the amount and nature of such financing over the next twelve months.



## **NOTE 2 – GOING CONCERN AND MANAGEMENT'S LIQUIDITY PLANS**

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. For the nine months ended December 31, 2015, the Company incurred losses from operations of \$1,807,150. At December 31, 2015, the Company had an accumulated deficit of \$28,497,696 and a working capital deficit of \$4,506,490. The Company's ability to continue as a going concern is dependent on its ability to raise the required additional capital or debt financing to meet short and long-term operating requirements. During the nine months ended December 31, 2015, the Company received net cash proceeds of \$856,749 from the additional sales of common stock. Management believes that private placements of equity capital and/or additional debt financing will be needed to fund the Company's long-term operating requirements. The Company may also encounter business endeavors that require significant cash commitments or unanticipated problems or expenses that could result in a requirement for additional cash. If the Company raises additional funds through the issuance of equity or convertible debt securities, the percentage ownership of our current shareholders could be reduced, and such securities might have rights, preferences or privileges senior to the Company's common stock. Additional financing may not be available upon acceptable terms, or at all. If adequate funds are not available or are not available on acceptable terms, the Company may not be able to take advantage of prospective business endeavors or opportunities, which could significantly and materially restrict our operations. The Company is continuing to pursue external financing alternatives to improve its working capital position. If the Company is unable to obtain the necessary capital, the Company may have to cease operations.

The Company plans to improve the growth rate of the shrimp and the environmental conditions of its production facilities. Management also plans to acquire a hatchery in which the Company can better control the environment in which to develop the post larvae. If management is unsuccessful in these efforts, discontinuance of operations is possible. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

## **NOTE 3 – SHORT-TERM NOTE AND LINES OF CREDIT**

On November 3, 2015 the Company entered into a short-term note agreement with Community National Bank for a total value of \$50,000. As of December 31, 2015, the Company has drawn \$38,000 on this short-term note. The short-term note has a stated interest rate of 5.25%, maturity date of November 3, 2016 and an initial payment on February 3, 2016. The short-term note was guaranteed by an officer and director.

The Company has a working capital line of credit with Community National Bank. On August 28, 2013, the Company renewed the line of credit for \$30,000. The line of credit bears an interest rate of 7.3% and is payable quarterly. The line of credit matured on February 28, 2014 and was renewed by the Company with a maturity date of June 10, 2017. It is secured by various assets of the Company's subsidiaries, and was guaranteed by two directors of the Company. The balance of the line of credit at December 31, 2015 and March 31, 2015 was \$16,801 and \$27,009, respectively.

The Company also has a working capital line of credit with Extraco Bank. On March 12, 2015, the Company renewed the line of credit for \$475,000. The line of credit bears an interest rate of 4.0% that is compounded monthly on unpaid balances and is payable monthly. The line of credit matures on March 12, 2016, and is secured by certificates of deposit and letters of credit owned by directors and shareholders of the Company. The balance of the line of credit is \$473,029 and \$473,029 at December 31, 2015 and March 31, 2015, respectively.

The Company has additional lines of credit with Extraco Bank for \$100,000 and \$200,000, which were renewed on January 19, 2016 and March 30, 2015, with maturity dates of January 19, 2017 and April 30, 2016, respectively. The lines of credit bear an interest rate of 4.5% that is compounded monthly on unpaid balances and is payable monthly. They are secured by certificates of deposit and letters of credit owned by directors and shareholders of the Company. The balance of the lines of credit was \$278,470 and \$278,470 at December 31, 2015 and March 31, 2015, respectively.

The Company also has a working capital line of credit with Capital One Bank for \$50,000. The line of credit bears an interest rate of prime plus 25.9 basis points, which totaled 29.40% as of December 31, 2015. The line of credit is unsecured. The balance of the line of credit was \$9,580 and \$9,580 at December 31, 2015 and March 31, 2015, respectively.

The Company also has a working capital line of credit with Chase Bank for \$25,000. The line of credit bears an interest rate of prime plus 10 basis points, which totaled 13.49% as of December 31, 2015. The line of credit is secured by assets of the Company's subsidiaries. The balance of the line of credit is \$12,376 and \$13,546 at December 31, 2015 and March 31, 2015, respectively.

#### **NOTE 4 – STOCKHOLDERS' DEFICIT**

##### *Common Stock*

Between April 1, 2015 and December 31, 2015, the Company entered into subscription agreements and consummated initial closings of a private placement offering of the Company's common stock (the "Offering"). For the nine months ended December 31, 2015, an aggregate of 2,379,672 shares of common stock had been sold to investors pursuant to the Offering for cash proceeds of \$856,749.

During the nine months ended December 31, 2015, the Company reached an agreement with certain vendors in which the Company issued 199,103 shares of common stock in full payment of debt of \$35,000, accrued interest of \$23,927 and recorded a loss on extinguishment of debt of \$319,369.

On August 7, 2015, the Company reached an agreement with a professional advisor in which the Company issued 28,571 shares of common stock with a fair value of \$49,999. This amount was recorded as stock compensation cost for the nine months ended December 31, 2015.

#### **NOTE 5 – OPTIONS AND WARRANTS**

The Company has not granted any options or warrants since inception.

#### **NOTE 6 – RELATED PARTY TRANSACTIONS**

##### *Notes Payable – Related Parties*

##### Baptist Community Services (BCS)

Pursuant to an assignment agreement dated March 26, 2009, Amarillo National Bank sold and transferred a note to Baptist Community Services (the "BCS Note"), a related party and shareholder of the Company, in the amount of \$2,004,820. The interest rate under the terms of the agreement is 2.25% and is payable monthly. The note is collateralized by all inventories, accounts, equipment, and all general intangibles related to the Company's shrimp production facility in La Coste, Texas. Payment of the note is also guaranteed by High Plains Christian Ministries Foundation, a shareholder of the Company.

Effective December 31, 2008, the Company entered into a subordinated promissory note agreement with BCS for \$70,000 (the "BCS Subordinated Note") to provide working capital to pay accrued interest due under the BCS Note and other operating expenses. On April 7, 2009, the BCS Subordinated Note was increased by \$125,000 to provide additional working capital for the Company. The aggregate balance of the BCS Subordinated Note and BCS Note at December 31, 2015 and March 31, 2015 was \$2,305,953 and \$2,305,953, respectively, and is classified as a current liability on the consolidated balance sheets. During the nine months ended December 31, 2015 and 2014, the Company incurred \$56,416 and \$48,581 in interest expense on the subordinated notes. At December 31, 2015 and March 31, 2015, accrued interest payable was \$158,177 and \$149,566, respectively.

On January 25, 2010, the Company received notice from BCS notifying it that the Company was in default of its obligations to BCS and that both the BCS Note and the BCS Subordinated Note, as well as all accrued interest, fees and expenses, were payable in full. Pursuant to a forbearance agreement dated January 25, 2010, BCS agreed to forbear from exercising any remedies available under both the BCS Note and the BCS Subordinated Note until January 25, 2011, or when the Company fails to promptly perform any of its covenants or obligation under the forbearance agreement, whichever occurs first. In 2015, a fifth forbearance agreement was executed extending the forbearance terms to December 31, 2016.

## Shareholder Notes

The Company has entered into several working capital notes payable to multiple shareholders and Bill Williams, an officer, a director, and a shareholder of the Company, for a total of \$486,500 since inception. At the time of issuance, these noteholders had stock in a shareholder, NaturalShrimp Holdings Inc., issued in lieu of interest and have no set monthly payment or maturity date. The balance of these notes at December 31, 2015 and March 31, 2015 was \$426,404 and \$426,404, respectively, and is classified as a current liability on the consolidated balance sheets. At December 31, 2015 and March 31, 2015, accrued interest payable was \$137,368 and \$103,048, respectively.

In 2009, the Company entered into a note payable to Randall Steele, a shareholder of the Company, for \$50,000. The note bears interest at 6.0% and is payable upon maturity on January 20, 2011. In addition, the Company issued 100,000 shares of common stock in a shareholder, NaturalShrimp Holdings, Inc., for consideration. The shares were valued at the date of issuance at fair value. The value assigned to the shares of \$50,000 was recorded as increase in common stock and additional paid-in capital and was limited to the value of the note. The assignment of a value to the shares resulted in a financing fee being recorded for the same amount. The note is unsecured. The balance of the note at December 31, 2015 and March 31, 2015 was \$50,000, respectively, and is classified as a current liability on the consolidated balance sheets. Interest expense on the note was \$2,258 and \$2,263 during the nine months ended December 31, 2015 and 2014, respectively. At December 31, 2015 and March 31, 2015, accrued interest payable was \$1,541 and \$795, respectively.

Beginning in 2009, the Company started entering into notes payable with various shareholders of the Company. The notes bear interest at 15.0% and are payable generally twelve months from the date of the note. The notes are collateralized by the shrimp crop attributable to the post larvae (PLs) acquired from the note proceeds. On May 28, 2015 the Company reached an agreement with these various shareholders in which the Company issued 199,103 shares of common stock in full payment of debt of \$35,000, accrued interest of \$23,927 and recorded a loss on extinguishment of debt of \$319,369. At March 31, 2015 the balance of these notes totaled \$35,000 and is classified as current liabilities on the consolidated balance sheets. Interest expense on these notes totaled \$656 during the nine months ended December 31, 2015 and 2014. At December 31, 2015 and March 31, 2015, accrued interest payable was \$0 and \$23,271, respectively.

Beginning in 2010, the Company started entering into several working capital notes payable with various shareholders of the Company for a total of \$290,000 and bearing interest at 8%. The balance of these notes at December 31, 2015 and March 31, 2015 was \$30,000 and \$30,000, respectively, and classified as a current liability on the consolidated balance sheets. At December 31, 2015 and March 31, 2015, accrued interest payable was \$700 and \$400, respectively.

### **NOTE 7 – FEDERAL INCOME TAX**

The Company accounts for income taxes under ASC 740-10, which provides for an asset and liability approach of accounting for income taxes. Under this approach, deferred tax assets and liabilities are recognized based on anticipated future tax consequences, using currently enacted tax laws, attributed to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts calculated for income tax purposes.

For the years ended March 31, 2015 and 2014, the Company incurred net operating losses and, accordingly, no provision for income taxes has been recorded. In addition, no benefit for income taxes has been recorded due to the uncertainty of the realization of any deferred tax assets.

Based on the available objective evidence, including the Company's history of losses, management believes it is more likely than not that any net deferred tax assets will not be fully realizable. Accordingly, the Company provided for a full valuation allowance against its net deferred tax assets at December 31, 2015 and March 31, 2015, respectively.

In accordance with ASC 740, the Company has evaluated its tax positions and determined that there are no uncertain tax positions.

### **NOTE 8 – CONCENTRATION OF CREDIT RISK**

The Company maintains cash balances at one financial institution. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2015 and March 31, 2015, the Company's cash balance did not exceed FDIC coverage.

## NOTE 9 – REVERSE ACQUISITION

On November 26, 2014, Multiplayer Online Dragon, Inc., a Nevada corporation (“MYDR”), entered into an Asset Purchase Agreement (the “Agreement”) with NaturalShrimp Holdings, Inc. a Delaware corporation (“NSH”), pursuant to which MYDR was to acquire substantially all of the assets of NSH which assets consist primarily of all of the issued and outstanding shares of capital stock of NaturalShrimp Corporation (“NSC”), a Delaware corporation, and NaturalShrimp Global, Inc. (“NS Global”), a Delaware corporation, and certain real property located outside of San Antonio, Texas (the “Assets”).

On January 30, 2015, MYDR consummated the acquisition of the Assets pursuant to the Agreement. In accordance with the terms of the Agreement, the MYDR issued 75,520,240 shares of its common stock to NSH as consideration for the Assets. As a result of the transaction, NSH acquired 88.62% of MYDR’s issued and outstanding shares of common stock, NSC and NS Global became MYDR’s wholly-owned subsidiaries, and MYDR changed its principal business to a global shrimp farming company.

There were no material relationships between the MYDR and NSH or between the Company’s or NSH’s respective affiliates, directors, or officers or associates thereof, other than in respect of the Agreement. Effective March 3, 2015, MYDR amended its Articles of Incorporation to change its name to “NaturalShrimp Incorporated”.

The Company evaluated this transaction using ASC 805-40, *Business Combinations Reverse Acquisitions*. Due to the change in control of the Company, this transaction was accounted for as a reverse acquisition in accordance with ASC No. 805-40 whereby NSH was considered the accounting acquirer.

## NOTE 10 – COMMITMENTS AND CONTINGENCIES

### *Executive Employment Agreements – Bill Williams and Gerald Easterling*

On April 1, 2015, the Company entered into employment agreements with each of Bill G. Williams, as the Company’s Chief Executive Officer, and Gerald Easterling as the Company’s President, effective as of April 1, 2015 (the “Employment Agreements”).

The Employment Agreements are each terminable at will and each provide for a base annual salary of \$96,000. In addition, the Employment Agreements each provide that the employee is entitled, at the sole and absolute discretion of the Company’s Board of Directors, to receive performance bonuses. Each employee will also be entitled to certain benefits including health insurance and monthly allowances for cell phone and automobile expenses.

Each Employment Agreement provides that in the event employee is terminated without cause or resigns for good reason (each as defined in their Employment Agreements), the employee will receive, as severance and employee’s base salary for a period of sixty months following the date of termination. In the event of a change of control of the Company, the employee may elect to terminate the Employment Agreement within 30 days thereafter and upon such termination would receive a lump sum payment equal to 500% of the employee’s base salary.

Each Employment Agreement contains certain restrictive covenants relating to non-competition, non-solicitation of customers and non-solicitation of employees for a period of one year following termination of the employee’s Employment Agreement.

## NOTE 11 – SUBSEQUENT EVENTS

For the period from January 1, 2016 through February 11, 2016 the Company sold shares as follows. As of the date of this report, these shares have not been issued:

	<u>Number of Shares</u>
Common stock for cash at \$0.35 per share	14,285

As of February 11, 2016, the Company had outstanding 89,399,012 shares of common stock.

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

### *Forward-Looking Statements*

This report contains forward-looking statements. Forward-looking statements are projections in respect of future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. Forward-looking statements made in this quarterly report on Form 10-Q include statements about

- our ability to successfully commercialize our shrimp farming operations to produce a market-ready product in a timely manner and in enough quantity;
- absence of contracts with customers or suppliers;
- our ability to maintain and develop relationships with customers and suppliers;
- our ability to successfully integrate acquired businesses or new brands;
- the impact of competitive products and pricing;
- supply constraints or difficulties; and
- the retention and availability of key personnel.

These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled "Risk Factors" set forth in our Annual Report on Form 10-K for the year ended March 31, 2015, and filed on July 28, 2015, any of which may cause the Company's or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These risks include, by way of example and not in limitation:

- general economic and business conditions;
- substantial doubt about our ability to continue as a going concern;
- our need to raise additional funds in the future;
- our ability to successfully recruit and retain qualified personnel in order to continue our operations;
- our ability to successfully implement our business plan;
- our ability to successfully acquire, develop or commercialize new products and equipment;
- the commercial success of our products;
- intellectual property claims brought by third parties;
- the impact of any industry regulation; and
- other factors discussed under the section entitled "Risk Factors" set forth in our Annual Report on Form 10-K for the year ended March 31, 2015.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity or performance. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Readers are urged to carefully review and consider the various disclosures made by us in this report and in our other reports filed with the Securities and Exchange Commission. The following Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company should be read in conjunction with the Consolidated Financial Statements and notes related thereto included in this Quarterly Report on Form 10-Q. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in the future operating results over time except as required by law. We believe that our assumptions are based upon reasonable data derived from and known about our business and operations. No assurances are made that actual results of operations or the results of our future activities will not differ materially from our assumptions.

As used in this Quarterly Report on Form 10-Q and unless otherwise indicated, the terms "we", "us", "our", or the "Company" refer to NaturalShrimp Incorporated, inclusive of our wholly-owned subsidiaries, NaturalShrimp Corporation, NaturalShrimp Global, Inc. and Natural Aquatic Systems, Inc. Unless otherwise specified, all dollar amounts are expressed in United States dollars.

## Overview

We were incorporated in the State of Nevada on July 3, 2008 under the name "Multiplayer Online Dragon, Inc." Effective November 5, 2010, we effected an 8 for 1 forward stock split, increasing the issued and outstanding shares of our common stock from 12,000,000 shares to 96,000,000 shares. Effective October 29, 2014, we effected a 1 for 10 reverse stock split, decreasing the issued and outstanding shares of our common stock from 97,000,000 to 9,700,000.

On November 26, 2014, we entered into an Asset Purchase Agreement (the "Agreement") with NaturalShrimp Holdings, Inc. a Delaware corporation ("NSH"), pursuant to which we agreed to acquire substantially all of the assets of NSH which assets consisted primarily of all of the issued and outstanding shares of capital stock of NaturalShrimp Corporation ("NSC"), a Delaware corporation, and NaturalShrimp Global, Inc. ("NS Global"), a Delaware corporation, and certain real property located outside of San Antonio, Texas (the "Assets").

On January 30, 2015, we consummated the acquisition of the Assets pursuant to the Agreement. In accordance with the terms of the Agreement, we issued 75,520,240 shares of our common stock to NSH as consideration for the Assets. As a result of the transaction, NSH acquired 88.62% of our issued and outstanding shares of common stock, NSC and NS Global became our wholly-owned subsidiaries, and we changed our principal business to a global shrimp farming company.

In connection with our receipt of approval from the Financial Industry Regulatory Authority ("FINRA"), effective March 3, 2015, we amended our Articles of Incorporation to change our name to "NaturalShrimp Incorporated".

We are a biotechnology company and have developed a proprietary technology that allows us to grow Pacific White shrimp (*Litopenaeus vannamei*, formerly *Penaeus vannamei*) in an ecologically controlled, high-density, low-cost environment, and in fully contained and independent production facilities. Our system uses technology which allows us to produce a naturally-grown shrimp "crop" weekly, and accomplishes this without the use of antibiotics or toxic chemicals. We have developed several proprietary technology assets, including a knowledge base that allows us to produce commercial quantities of shrimp in a closed system with a computer monitoring system that automates, monitors and maintains proper levels of oxygen, salinity and temperature for optimal shrimp production. Our initial production facility is located outside of San Antonio, Texas.

NS Global, a wholly owned subsidiary of NaturalShrimp Incorporated., owns 10% of NaturalShrimp International A.S. in Europe. Our European-based partner, NaturalShrimp International A.S., Oslo, Norway is responsible for the construction cost of their facility and initial operating capital.

The first facility built in Spain for NaturalShrimp International A.S. is GambaNatural de España, S.L. The land for the first facility was purchased in Medina del Campo, Spain and construction of the 75,000 sq. ft. facility and was completed in 2015. Medina del Campo is approximately seventy-five miles northwest of Madrid, Spain.

On June 15, 2015, we announced the expansion of our indoor shrimp operations. We expect that this will enable us to begin expanding our current indoor shrimp production system to launch commercial shrimp sales in the first quarter of calendar 2016. Wholesale prices for the shrimp produced by the Company are expected to be between \$9.00 to \$10.00 per pound F.O.B.

On October 16, 2015, we formed Natural Aquatic Systems, Inc. ("NAS"). The purpose of the NAS is to formalize the business relationship between NaturalShrimp Incorporated and F&T Water Solutions LLC for the joint development of certain water technologies. The technologies shall include, but are not limited to, any and all inventions, patents, intellectual property and know-how dealing with enclosed aquatic production systems worldwide. This includes construction, operation, and management of enclosed aquatic production, other than shrimp, facilities throughout the world, co-developed by both parties at our facility located outside of La Coste, Texas.

## Development Plan

Our plan of operation over the next 24 months is to:

## Domestically

- Secure capital and upgrade the existing research and development facility located in La Coste, Texas;
- Begin the retrofit of existing system to a commercial shrimp production pilot plant;
- Following the completion of a capital raise and new production system build-out in La Coste, TX, identify and build-out up to six shrimp production systems in major market areas; and
- Begin build-out of one full scale production system per month.

## Internationally

- Begin proprietary genetics and hatchery programs;
- Build hatchery at Medina del Campo facility;
- Work with NaturalShrimp AS, a minority owned entity, to secure additional capital to build additional production systems at the Gamba Natural operations located outside of Madrid, Spain in Medina del Campo; and
- Locate additional target markets and initiate five-year system rollout for Europe and other world markets as cash flow and capital allow.

## Results of Operations

### Comparison of the Three Months Ended December 31, 2015 to the Three Months Ended December 31, 2014

#### Revenue

We have not earned any significant revenues since our inception and we do not anticipate earning any significant revenues until our fiscal second quarter of next year.

#### Expenses

Our operating expenses for the three months ended December 31, 2015 are summarized as follows in comparison to our expenses for three months ended December 31, 2014:

	Three Months Ended December 31,	
	2015	2014
Facility operations	\$ 37,603	\$ 26,461
Salaries and related expenses	99,399	52,662
Rent	7,378	3,005
Other general and administrative expenses	134,600	281,652
Depreciation	24,250	25,734
Total	<u>\$ 303,230</u>	<u>\$ 389,514</u>

General and administrative expenses decreased \$86,284 to \$303,230 for the three months ended December 31, 2015, as compared to \$389,514 for the three months ended December 31, 2014, a decrease of 22%. The main reason for the decrease is due to decreases in professional service fees, principally accounting and public company costs. This was partially offset by an increase in certain salaries and related expenses.

### Comparison of the Nine Months Ended December 31, 2015 to the Nine Months Ended December 31, 2014

#### Revenue

We have not earned any significant revenues since our inception and we do not anticipate earning any significant revenues until our fiscal second quarter of next year.

## Expenses

Our general and administrative expenses for the nine months ended December 31, 2015 summarized as follows in comparison to our expenses for nine months ended December 31, 2014:

	Nine Months Ended December 31,	
	2015	2014
Facility operations	\$ 151,717	\$ 78,212
Salaries and related expenses	298,983	325,642
Rent	10,378	5,505
Stock based compensation	-	377,500
Other general and administrative expenses	859,519	240,206
Depreciation	65,250	62,202
Total	<u>\$ 1,385,847</u>	<u>\$ 1,089,267</u>

Operating expenses increased \$296,580 to \$1,385,847 for the nine months ended December 31, 2015, as compared to \$1,089,267 for the nine months ended December 31, 2014, an increase of 27%. The primary reason for the increase is due to increases of \$504,000 in professional service fees associated with public company requirements in the nine months ended December 31, 2015.

## Liquidity and Capital Resources

### Working Capital Deficiency

	December 31,	March 31,
	2015	2015
Current assets	\$ 39,998	\$ 224,077
Current liabilities	4,546,488	4,237,731
Working capital deficiency	<u>\$ 4,506,490</u>	<u>\$ 4,013,654</u>

The decrease in current assets is mainly due to a decrease of \$180,876 in cash and the increase in current liabilities is mainly due to a \$411,488 increase in accounts payable. As we continue to develop our business model, we have incurred expenses and extended out certain payables. Management expects to pay these payables once we have a more sufficient amount of capital.

### Cash Flows

	Nine Months Ended December 31,	
	2015	2014
Net cash used in operating activities	\$ (984,470)	\$ (679,547)
Net cash used in investing activities	(35,980)	(301)
Net cash provided by financing activities	839,574	718,973
Decrease in cash and cash equivalents	<u>\$ (180,876)</u>	<u>\$ 39,125</u>

The increase in net cash used in operating activities in the nine months ended December 31, 2015 as compared to the same period last year is related to the increase in operating expenses.

Given our cash position of approximately \$@@ as of February @@, 2016, management believes that we do not have sufficient cash to fund our working capital needs through March 31, 2016.

### Going Concern

The unaudited consolidated financial statements contained in this quarterly report on Form 10-Q have been prepared assuming that the Company will continue as a going concern. The Company has accumulated losses through the period to December 31, 2015 of \$28,497,676, as well as negative cash flows from operating activities. Presently, the Company does not have sufficient cash resources to meet its plans in the twelve months following December 31, 2015. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management is in the process of evaluating various financing alternatives in order to finance our continuing research and development activities, production activities and general and administrative expenses. These alternatives include raising funds through public or private equity and/or debt markets and either through institutional or retail investors. Although there is no assurance that the Company will be successful with our fund raising initiatives, management believes that the Company will be able to secure the necessary financing as a result of ongoing financing discussions with third party investors and existing shareholders.



### *Cash Requirements*

For the nine months ended December 31, 2015, we sold an aggregate of 1,173,134 shares of our common stock to accredited investors for gross aggregate proceeds of \$410,597 pursuant to a private placement offering. In addition, on November 3, 2015 we entered into a short-term note agreement with Community National Bank for a total value of \$50,000. As of December 31, 2015, we have drawn \$38,000 on this short-term note. The short-term note has a stated interest rate of 5.25%, maturity date of November 3, 2016 and an initial payment on February 3, 2016.

While we have received capital from various private placements that have enabled us to fund our operations, these funds have been largely used to develop our processes, although additional funds are needed for other corporate operational and working capital purposes. Therefore, we will need to raise an additional \$1,500,000 to cover all of our operational expenses over the next 12 months. These funds may be raised through equity financing, debt financing, or other sources, which may result in further dilution in the equity ownership of our shares. There can be no assurance that additional financing will be available to us when needed or, if available, that it can be obtained on commercially reasonable terms. If we are not able to obtain the additional financing on a timely basis should it be required, or generate significant material revenues from operations, we will not be able to meet our other obligations as they become due and we will be forced to scale down or perhaps even cease our operations.

### *Off-Balance Sheet Arrangements*

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

### *Effects of Inflation*

We do not believe that inflation has had a material impact on our business, revenues or operating results during the periods presented.

### *Recent Accounting Pronouncements*

During the nine months ended December 31, 2015, there were several new accounting pronouncements issued by the Financial Accounting Standards Board. Each of these pronouncements, as applicable, has been or will be adopted by the Company. Management does not believe the adoption of any of these accounting pronouncements has had or will have a material impact on the Company's consolidated financial statements.

In June 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-10, "Development Stage Entities (Topic 915), Elimination of Certain Financial Reporting Requirements, including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation" ("ASU 2014-10"). The amendments in ASU 2014-10 remove the definition of a development stage entity from the Master Glossary of the Accounting Standards Codification, thereby removing the financial reporting distinction between development stage entities and other reporting entities from accounting principles generally accepted in the United States of America ("U.S. GAAP"). In addition, the amendments eliminate the requirements for development stage entities to: (i) present inception-to-date information in the statements of income, cash flows, and shareholder equity; (ii) label the financial statements as those of a development stage entity; (iii) disclose a description of the development stage activities in which the entity is engaged; and (iv) disclose in the first year in which the entity is no longer a development stage entity that in prior years it had been in the development stage. The presentation and disclosure requirements in Accounting Standard Codification ("ASC") Topic 915, "Development Stage Entities" are no longer required for interim and annual reporting periods beginning after December 15, 2014. The revised consolidation standards will take effect in annual periods beginning after December 15, 2015, however, early adoption is permitted. We have elected to early adopt the provisions of ASU No. 2014-10 for our unaudited consolidated financial statements as of December 31, 2014. We have elected to early adopt the provisions of ASU No. 2014-10 for our unaudited consolidated financial statements as of December 31, 2014 and its adoption resulted in the removal of previously required development stage disclosures.

In August 2014, the FASB issued ASU No. 2014-15, "Presentation of Financial Statements— Going Concern (Subtopic 205-40), Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern". Continuation of a reporting entity as a going concern is presumed as the basis for preparing financial statements unless and until the entity's liquidation becomes imminent. Preparation of financial statements under this presumption is commonly referred to as the going concern basis of accounting. Currently, there is no guidance under U.S. GAAP about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern or to provide related footnote disclosures. The amendments in this Update provide that guidance. In doing so, the amendments should reduce diversity in the timing and content of footnote disclosures. The amendments require management to assess an entity's ability to continue as a going concern by incorporating and expanding upon certain principles that are currently in U.S. auditing standards. Specifically, the amendments (1) provide a definition of the term substantial doubt, (2) require an evaluation every reporting period including interim periods, (3) provide principles for considering the mitigating effect of management's plans, (4) require certain disclosures when substantial doubt is alleviated as a result of consideration of management's plans, (5) require an express statement and other disclosures when substantial doubt is not alleviated, and (6) require an assessment for a period of one year after the date that the financial statements are issued (or available to be issued). For the period ended March 31, 2015, management evaluated the Company's ability to continue as a going concern and concluded that substantial doubt has not been alleviated about the Company's ability to continue as a going concern. While the Company continues to explore further significant sources of financing, management's assessment was based on the uncertainty related to the amount and nature of such financing over the next twelve months.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable

### ITEM 4. CONTROLS AND PROCEDURES

#### *Disclosure Controls and Procedures*

As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), our management carried out an evaluation, with the participation of our Chief Executive Officer (Principal Executive Officer) and our Chief Financial Officer (Principal Financial Officer), of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) of the Exchange Act), as of the period covered by this report. Disclosure controls and procedures are defined as controls and other procedures that are designed to ensure that information required to be disclosed by us in reports filed with the SEC under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Based upon their evaluation, our management (including our Chief Executive Officer and Chief Financial Officer) concluded that our disclosure controls and procedures were not effective as of December 31, 2015, based on the material weaknesses defined below:

- (i) inadequate segregation of duties consistent with control objectives; and
- (ii) ineffective controls over period end financial disclosure and reporting processes.

#### *Management's Remediation Plan*

We plan to take steps to enhance and improve the design of our internal control over financial reporting. During the period covered by this quarterly report on Form 10-Q, we have not been able to remediate the material weaknesses identified above. To remediate such weaknesses, we plan to implement the following changes in the future:

- (i) appoint additional qualified personnel to address inadequate segregation of duties and ineffective risk management; and
- (ii) adopt sufficient written policies and procedures for accounting and financial reporting.

The remediation efforts set out in (i) is largely dependent upon our company securing additional financing to cover the costs of implementing the changes required. If we are unsuccessful in securing such funds, remediation efforts may be adversely affected in a material manner. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within our company 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.

Management believes that despite our material weaknesses set forth above, our consolidated financial statements for the quarter ended December 31, 2015 are fairly stated, in all material respects, in accordance with US GAAP.

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

There were no changes in our internal controls over financial reporting that occurred during the quarterly period ended December 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

## PART II – OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

We know of no material proceedings in which any of our directors, officers or affiliates, or any registered or beneficial stockholder is a party adverse to our company or our Subsidiaries or has a material interest adverse to our company or our Subsidiaries.

### ITEM 1A. RISK FACTORS

As a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act), we are not required to provide the information called for by this Item 1A.

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

From October 1, 2015 through February 12, 2016, we sold an aggregate of 304,567 shares of common stock to accredited investors for gross aggregate proceeds of \$106,600 pursuant to a private placement offering.

The above sales of securities conducted by the Company on a "best efforts" basis wherein up to 7,142,858 shares of common stock at a price of \$0.35 per share were available to be sold, for an aggregate offering of up to \$2,500,000. The shares were issued in reliance on the exemption from registration afforded by Section 4(a)(2) and Regulation D (Rule 506) under the Securities Act and corresponding provisions of state securities laws for offerings to "accredited investors" as such term is defined in the Securities Act, based upon representations made by such investors. The Company intends to use the proceeds of the offering for general corporate purposes, including working capital needs.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

### ITEM 5. OTHER INFORMATION

None.

**ITEM 6. EXHIBITS**

<b>No.</b>	<b>Description</b>
3.1(a)	Articles of Incorporation (incorporated by reference to our Registration Statement on Form S-1 originally filed on June 11, 2009).
3.1(b)	Amendment to Articles of Incorporation (incorporated by reference to our Current Report on Form 8-K filed on May 19, 2014).
3.2	Bylaws (incorporated by reference to our Registration Statement on Form S-1 originally filed on June 11, 2009).
31.1*	Certification Statement of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification Statement of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification Statement of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification Statement of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101*	Interactive Data Files

\* Filed herewith

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### NATURALSHRIMP INCORPORATED

By: /s/ Bill G. Williams

Bill G. Williams

Chief Executive Officer

(Principal Executive Officer)

Date: February 16, 2016

By: /s/ William Delgado

William Delgado

Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

Date: February 16, 2016

**NATURALSHRIMP INCORPORATED**  
**CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Bill G. Williams, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NaturalShrimp Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Bill G. Williams

Bill G. Williams

Chief Executive Officer

(Principal Executive Officer)

Date: February 16, 2016

**NATURALSHRIMP INCORPORATED**  
**CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, William Delgado, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NaturalShrimp Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ William Delgado

William Delgado

Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

Date: February 16, 2016

**CERTIFICATION PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this Quarterly Report on Form 10-Q of NaturalShrimp Incorporated (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

By: /s/ Bill G. Williams

Bill G. Williams

Chief Executive Officer

(Principal Executive Officer)

Date: February 16, 2016



**CERTIFICATION PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this Quarterly Report on Form 10-Q of NaturalShrimp Incorporated (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

By: /s/ William Delgado

William Delgado

Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

Date: February 16, 2016