

ALLIANCE ONE INTERNATIONAL, INC.
Form 10-K/A
May 25, 2016
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K/A
(AMENDMENT NO. 1)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED March 31, 2015

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____.

Alliance One International, Inc.
(Exact name of registrant as specified in its charter)
Virginia 001-13684 54-1746567
(State or other jurisdiction (Commission File Number) (I.R.S. Employer
of incorporation) Identification No.)
8001 Aerial Center Parkway
Morrisville, North Carolina 27560-8417
(Address of principal executive offices)

Telephone Number (919) 379-4300
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:
Title of Each Class Name of Exchange On Which Registered
Common Stock (no par value) New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes [] No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the
Exchange Act. Yes [] No

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

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. (Check one):

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 September 30, 2014, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately \$161.5 million based on the closing sale price of the common stock as reported on the New York Stock Exchange. As of June 1, 2015, there were 8,858,310 shares of Common Stock outstanding (no par value) excluding 785,312 shares owned by a wholly owned subsidiary. After the close of business on June 26, 2015, the registrant effected a one-for-ten reverse split of its Common Stock. The shares noted above have been restated for this reverse split.

DOCUMENTS INCORPORATED BY REFERENCE Certain information contained in the Proxy Statement for the 2015 Annual Meeting of Shareholders of the registrant filed on July 10, 2015 is incorporated by reference into Part III hereof.

Explanatory Note

We are filing this amended Form 10-K/A (“Form 10-K/A”) to amend our Annual Report on Form 10-K for the year ended March 31, 2015, originally filed with the Securities and Exchange Commission (the “SEC”) on June 8, 2015 (“Original Filing”), to restate our consolidated financial statements and related footnote disclosures for the years ended March 31, 2015, 2014 and 2013. This Form 10-K/A also includes under Part II, Item 6 of this Form 10-K/A restated selected consolidated statement of operations data for the fiscal year ended March 31, 2012 and selected consolidated balance sheet data at March 31, 2012 and 2011, which restated selected consolidated financial data have not been audited, and certain restated quarterly information under the Supplementary Data heading in Item 8 of this Form 10-K/A. The previously filed financial statements for those years should no longer be relied upon. This Form 10-K/A also amends certain other items in the Original Filing, as listed in “Items Amended in this Form 10-K/A” below.

Restatement Background

On February 15, 2016, the Audit Committee of our Board of Directors (the “Audit Committee”), after discussion with management, determined that the following financial statements previously filed with the SEC should no longer be relied upon: (1) the audited consolidated financial statements included in our Annual Report on Form 10-K for the years ended March 31, 2015, 2014 and 2013; and (2) the unaudited condensed consolidated financial statements included in our Quarterly Reports on Form 10-Q for the quarters ended June 30, 2015, 2014 and 2013, September 30, 2014 and 2013, and December 31, 2014 and 2013. Similarly, the related press releases, auditor reports on the consolidated financial statements as of and for the year ended March 31, 2015, 2014 and 2013, and the effectiveness of internal control over financial reporting, management’s report on the effectiveness of internal control over financial reporting, and stockholder communications describing the portion of our financial statements for these periods that needed to be restated should no longer be relied upon.

In the course of downsizing and terminating certain operations of Alliance One Tobacco (Kenya) Limited (“AOTK”), and preparing our financial statements for the quarter ended September 30, 2015, the Company identified errors in accounts receivable, inventory, sales and cost of goods sold in AOTK. Specifically, the value of inventory was overstated due to improper accounting for shrinkage, deferred crop costs, lower of cost or market valuations and inventory counts. Further, sales and other operating revenues, and trade and other receivables, net were incorrectly stated due to improper revenue recognition for external sales. As a result of these errors, we have restated our consolidated financial statements for the years ended March 31, 2015, 2014 and 2013 and the selected quarterly financial data (unaudited) on this Form 10-K/A. In addition, we have restated selected consolidated statement of operations data for the fiscal year ended March 31, 2012 and selected consolidated balance sheet data at March 31, 2012 and 2011, which restated selected consolidated financial data have not been audited.

As of March 31, 2015, the correction of these errors decreased the reported amount of inventory by approximately \$32 million, decreased accounts receivable by approximately \$7 million, and decreased retained earnings by approximately \$39 million. Approximately \$26 million of the decrease in retained earnings is related to periods prior to the year ended March 31, 2015, with a portion in each quarter dating back to fiscal 2011 and prior. Further, these corrections decreased operating income for the year ended March 31, 2015 by approximately \$13 million. Please refer to Note 1A “Restatement of Previously Issued Consolidated Financial Statements” of Notes to Consolidated Financial Statements (As Restated) included in Part II, Item 8 of this Form 10-K/A for more information regarding the impact of these adjustments.

Along with restating our financial statements to correct the errors discussed above, we have recorded adjustments for certain previously identified immaterial accounting errors related to the periods covered by this Form 10-K/A. When these financial statements were originally issued, we assessed the impact of these errors and concluded that they were not material to our financial statements for each of the years ended March 31, 2015, 2014 and 2013, and reported fiscal quarters within each of these years. However, in conjunction with our need to restate our financial statements as a result of the errors noted above, we have determined that it would be appropriate within this Form 10-K/A to record all such previously unrecorded adjustments. Please refer to Note 1A “Restatement of Previously Issued Consolidated Financial Statements” of Notes to Consolidated Financial Statements (As Restated) included in Part II, Item 8 of this

Form 10-K/A for more information regarding the impact of these adjustments.

Because our prior period financial results have been corrected for errors, they are considered to be "restated" under U.S. generally accepted accounting principles. Accordingly, the revised financial information included in this Annual Report on Form 10-K/A has been identified as "restated."

Restatement of Other Financial Statements

We are concurrently filing an amendment to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 (the "Form 10-Q/A"). We are filing the Form 10-Q/A to restate our unaudited condensed consolidated financial statements and related financial information for the periods contained in that report and to amend certain other items within that report.

Internal Control Consideration

Our Chief Executive Officer and Chief Financial Officer have determined that there were deficiencies in our internal control over financial reporting that constitute material weaknesses, as defined by SEC regulations, at March 31, 2015. Accordingly, our Chief Executive Officer and Chief Financial Officer have concluded that our internal control over financial reporting and our disclosure controls and procedures, as defined by SEC regulations, were not effective at March 31, 2015, as discussed in Part II, Item 9A of this Form 10-K/A.

Items Amended in this Form 10-K/A

For the convenience of the reader, this Form 10-K/A sets forth the Original Filing, in its entirety, as modified and superseded as necessary to reflect the restatement. The following items in the Original Filing have been amended as a result of, and to reflect, the restatement:

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 - B. The Business - Purchasing
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 - C. Other - Alliance One Employees
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- 7 Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations
- 8 Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk
- 9 Part II, Item 8. Financial Statements and Supplementary Data
- 10 Part II, Item 9A. Controls and Procedures
- 11 Part II, Item 12. Security Ownership of Certain Beneficial Owners and Management and Related to Stockholder Matters
- 12 Part IV, Item 15. Exhibits, Financial Statement Schedules

In accordance with applicable SEC rules, this Form 10-K/A includes new certifications required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002, as amended, from our Chief Executive Officer and Chief Financial Officer dated as of the filing date of this Form 10-K/A.

The Company is concurrently filing an amended Quarterly Report on Form 10-Q/A for the quarterly period ended June 30, 2015, and Quarterly Reports on Form 10-Q for the quarterly periods ended September 30, 2015 and December 31, 2015.

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PART I

ITEM 1. BUSINESS (AS RESTATED)

A. The Company (As Restated)

Alliance One International, Inc. ("we," "Alliance One" or the "Company") is a Virginia corporation with revenues of approximately \$2.1 billion and operating income of approximately \$98.0 million for the year ended March 31, 2015. Our common stock has been traded on the New York Stock Exchange since 1995. Through our predecessor companies, we have a long operating history in the leaf tobacco industry with some customer relationships beginning in the early 1900s. Alliance One is one of only two global publicly held leaf tobacco merchants, each with similar global market shares. We have broad geographic processing capabilities, a diversified product offering and an established customer base, including all of the major consumer tobacco product manufacturers. Our goal is to be the preferred supplier of quality tobacco products and innovative solutions to the world's manufacturers and marketers of tobacco products.

Additional Information

We are required to file annual, quarterly and current reports, proxy statements and other information with the U.S. Securities and Exchange Commission ("SEC"). The public may read and copy any materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Information on the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file with the SEC at <http://www.sec.gov>.

Our website address is <http://www.aointl.com>. We make available free of charge through our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. The information contained on our website shall not be deemed part of this annual report on Form 10-K/A for any reason.

B. The Business (As Restated)

Leaf tobacco merchants purchase, process, pack, store and ship tobacco to manufacturers of cigarettes and other consumer tobacco products throughout the world. In an increasing number of markets, we also provide agronomy expertise for growing leaf tobacco. Our revenues are primarily comprised of sales of processed tobacco and fees charged for processing and related services to these manufacturers of tobacco products. Processing and other revenues are approximately 5% of our total revenues. We do not manufacture cigarettes or other consumer tobacco products.

We deal primarily in flue-cured, burley, and oriental tobaccos that are used in international brand cigarettes. Several of the large multinational cigarette manufacturers have operations throughout the world, particularly in Asia, Eastern Europe and the former Soviet Union, in order to access and penetrate the international brand cigarette markets. As cigarette manufacturers expand their global operations, we believe that demand will increase for local sources of leaf tobacco and local tobacco processing and distribution, primarily due to beneficial tariff rates and lower freight costs. We believe that for some large multinational cigarette manufacturers, international expansion will cause them to place greater reliance on the services of leaf tobacco merchants with the ability to source and process tobacco on a global basis and to help develop higher quality local sources of tobacco by improving local agronomic practices. For other large multinational cigarette manufacturers, international expansion also includes vertical integration of their operations, either through acquisition of the operations of existing leaf tobacco merchants, establishing new operations or contracting directly with suppliers. In fiscal 2014, we completed the formation of a joint venture in Brazil with China Tobacco International, Inc. The joint venture entity had previously operated as one of our subsidiaries since its formation in 2012. In recent years, Japan Tobacco, Inc. ("JTI") enhanced their direct leaf procurement capabilities with the acquisition of small leaf processors in Malawi and Brazil and the formation a joint venture for tobacco leaf in the

United States. Philip Morris International, Inc. (“PMI”) has also strengthened their direct leaf procurement capabilities with the acquisition of supplier contracts and the related assets from Alliance One and from another tobacco merchant in Brazil. In addition, some customers have entered into joint venture arrangements to secure their future leaf requirements. We will continue to work with our customers to meet all their needs as their buying patterns and business models change while continuing to be a provider of quality tobacco products and innovative solutions.

Purchasing (As Restated)

Tobacco is primarily purchased directly from suppliers with small quantities still sold at auction. In non-auction markets, we purchase tobacco directly from suppliers and we assume the risk of matching the quantities and grades required by our customers to the entire crop we must purchase under contract. In other non-auction markets, such as China, we buy tobacco from local entities that have purchased tobacco from suppliers and supervise the processing of that tobacco by those local entities. Principal auction markets include India, Malawi and Zimbabwe and our network of tobacco operations and buyers allows us to cover the major auctions of flue-cured and burley tobacco throughout the world. In the United States and other locations, a number of our customers purchase tobacco directly from the suppliers in addition to the leaf merchants. Although our facilities process the tobacco purchased directly from suppliers by these customers, we do not take ownership of that tobacco and do not record sales revenues associated with its resale.

Purchasing (As Restated) (continued)

Our arrangements with suppliers vary from locale to locale depending on our predictions of future supply and demand, local historical practice and availability of capital. In certain jurisdictions, we purchase seeds, fertilizer, pesticides and other products related to growing tobacco and advance them to suppliers, which represents prepaid inventory. The suppliers then utilize these inputs to grow tobacco, which we are contractually obligated to purchase. The advances of inputs for the current crop generally include the original cost of the inputs plus a mark-up and interest as it is earned. Where contractually permitted, we charge interest to the suppliers during the period the current crop advance is outstanding. We generally advance inputs at a price greater than our cost, which results in a mark-up on the inputs. We account for our advances to tobacco suppliers using a cost accumulation model, which results in us reporting our advances at the lower of cost or recoverable amounts excluding the mark-up and interest. The mark-up and interest on our advances are recognized when the tobacco is delivered as a decrease in our cost of the current crop. Upon delivery of tobacco, part of the purchase price paid to the supplier is paid in cash and part through a reduction of the advance balance. The advances applied to the delivery are reclassified out of advances and into unprocessed inventory. We advance inputs only to suppliers with whom we have purchase contracts. For example, in Brazil, we generally contract to purchase a supplier's entire tobacco crop at the market price per grade at the time of harvest based on the quality of the tobacco delivered. Pursuant to these purchase contracts, we provide suppliers with fertilizer and other materials necessary to grow tobacco and may guarantee Brazilian rural credit loans to suppliers to finance the crop. Under longer-term arrangements with suppliers, we may advance or guarantee financing on suppliers' capital assets, which are also recovered through the delivery of tobacco to us by our suppliers.

In these jurisdictions, our agronomists maintain frequent contact with suppliers prior to and during the growing and curing seasons to provide technical assistance to improve the quality and yield of the crop. As a result of various factors including weather, not all suppliers are able to settle the entire amount of advances through delivery of tobacco in a given crop year. Throughout the crop cycle, we monitor events that may impact the suppliers' ability to deliver tobacco. If we determine we will not be able to recover the original cost of the advances with deliveries of the current crop, or future crop deliveries, the unit cost of tobacco actually received is increased when unrecoverable costs are within a normal range which is based on our historical results or expensed immediately when they are above a normal range based on our historical results. We account for the unrecoverable costs in this manner to ensure only costs within a normal range are capitalized in inventory and costs that are above a normal range are expensed immediately as current period charges.

Alliance One has developed an extensive international network through which we purchase, process and sell tobacco and we hold a leading position in most tobacco growing regions in the world. We purchase tobacco in more than 35 countries. During the three years ended March 31, 2015, 2014 and 2013, approximately 20%, 21% and 21%, respectively, of our purchases of tobacco were from the North America operating segment and approximately 80%, 79% and 79%, respectively, were from the Other Regions operating segment. Within the Other Regions operating segment, approximately 63%, 63% and 61% of our total purchases for the three years ended March 31, 2015, 2014 and 2013 respectively, were from China, Brazil, Turkey and the Africa Region.

Processing

We process tobacco to meet each customer's specifications as to quality, yield, chemistry, particle size, moisture content and other characteristics. Unprocessed tobacco is a semi-perishable commodity that generally must be processed within a relatively short period of time to prevent fermentation or deterioration in quality. The processing of leaf tobacco facilitates shipping and prevents spoilage and is an essential service to our customers because the quality of processed leaf tobacco substantially affects the quality of the manufacturer's end product. Accordingly, we have located our production facilities in proximity to our principal sources of tobacco.

We process tobacco in more than 35 owned and third-party facilities around the world including Argentina, Brazil, China, Zimbabwe, Jordan, Guatemala, India, Tanzania, the United States, Malawi, Thailand, Germany, Indonesia, Macedonia, Bulgaria and Turkey. These facilities encompass all leading export locations of flue-cured, burley and oriental tobaccos. In addition, we have entered into contracts, joint ventures and other arrangements for the purchase of tobacco grown in substantially all other countries that produce export-quality flue-cured and burley tobacco.

Upon arrival at our processing plants, flue-cured and burley tobacco is first reclassified according to grade. Most of that tobacco is then blended to meet customer specifications regarding color, body and chemistry, threshed to remove the stem from the leaf and further processed to produce strips of tobacco and sieve out small scrap. We also sell a small amount of processed but unthreshed flue-cured and burley tobacco in loose-leaf and bundle form to certain customers. Oriental tobaccos are handled and processed in a similar manner other than that the tobaccos are not threshed to remove stems.

Processed flue-cured, burley and oriental tobacco is redried to remove excess moisture so that it can be held in storage by customers or us for long periods of time. After redrying, whole leaves, bundles, strips or stems and scrap where applicable are separately packed in cases, bales, cartons or hogsheads for storage and shipment. Packed flue-cured, burley and oriental tobacco generally is transported in the country of origin by truck or rail, and exports are moved by ship. Prior to and during processing, steps are taken to ensure consistent quality of the tobacco, including the regrading and removal of undesirable leaves, dirt and other non-tobacco related material. Customer representatives are frequently present at our facilities to monitor the processing of their particular orders. Throughout the processing, our technicians use quality control laboratory test equipment to ensure that the product meets all customer specifications.

Selling (As Restated)

We ship tobacco to manufacturers of cigarettes and other consumer tobacco products located in approximately 90 countries around the world as designated by these manufacturers. We recognize sales revenue when persuasive evidence of an arrangement exists, the price to the customer is fixed, collectability is reasonably assured and title and risk of ownership is passed to the customer, which is upon either shipment or delivery. In certain countries we also use commissioned agents to supplement our selling efforts. Individual shipments may be large, and since the customer typically specifies shipping dates, our financial results may vary significantly between reporting periods due to timing of sales. In some markets, principally the United States, we process tobacco that is owned by our customers, and revenue is recognized when the processing is completed.

The consumer tobacco business is dominated by a relatively small number of large multinational cigarette manufacturers and by government controlled entities. Including their respective affiliates, accounting for more than 10% of our revenues were each of PMI and China Tobacco International, Inc. for the year ended March 31, 2015; PMI, JTI and China Tobacco International, Inc. for the year ended March 31, 2014; and PMI, JTI, Imperial Tobacco Group PLC and China Tobacco International Inc. for the year ended March 31, 2013.

In 2015, Alliance One delivered approximately 42% of its tobacco sales to customers in Europe and approximately 18% to customers in the United States. One customer directs shipments to its Belgium storage and distribution center before shipment to its manufacturing facilities in Europe and Asia. In 2015, these Belgium sales accounted for 7% of sales to customers in Europe. The remaining sales are to customers located in Asia, Africa and other geographic regions of the world.

Seasonality

The purchasing and processing activities of our tobacco business are seasonal. Flue-cured tobacco grown in the United States is purchased, processed and marketed generally during the five-month period beginning in July and ending in November. U.S. grown burley tobacco is purchased, processed and marketed usually from late November through January or February. Tobacco grown in Brazil is usually purchased, processed and marketed from January through July and in Africa from April through September. Other markets around the world have similar purchasing periods, although at different times of the year.

During the purchasing, processing and marketing seasons, inventories of unprocessed tobacco, inventories of redried tobacco and trade accounts receivable normally reach peak levels in succession. Current liabilities, particularly advances from customers and short-term notes payable to banks, normally reach their peak in this period as a means of financing the seasonal expansion of current assets. At March 31, the end of our fiscal year, the seasonal components of our working capital reflect primarily the operations related to foreign grown tobacco.

Competition

Alliance One is one of only two global publicly held leaf tobacco merchants, with substantially similar global market shares in markets in which we both operate. We hold a leading position in most major tobacco growing regions in the world, including the principal export markets for flue-cured, burley and oriental tobacco and, as a result of our scale, global reach, and financial resources, we believe we are well-suited to serve the needs of all manufacturers of cigarettes and other consumer tobacco products.

The leaf tobacco industry is highly competitive and competition is based primarily on the price charged for products and services as well as the merchant's ability to meet customer specifications in the buying, processing, residue compliance and financing of tobacco. In addition to the primary global independent leaf tobacco merchants, there are a number of other independent global, regional or national competitors. Local independent leaf merchants with low fixed costs and overhead also supply cigarette manufacturers. Recent vertical integration initiatives and other changes in customer buying patterns have resulted in a more dynamic and competitive operating environment. There is also competition in all countries to buy the available leaf tobacco and in many areas, total leaf tobacco processing capacity exceeds demand.

Reportable Segments (As Restated)

The purchasing, processing, selling and storing of leaf tobacco is similar throughout our business. However, we maintain regional operating and financial management in North America, South America, Europe, Africa and Asia to monitor our various operations in these areas. In reviewing these operations, we have concluded that the economic characteristics of North America are dissimilar from the other operating regions. Based on this fact, we disclose North America separately and aggregate the remaining four operating segments, Africa, Asia, Europe and South America into one reportable segment "Other Regions." Our financial performance is reviewed at this level and these regions represent our operating segments. See Note 14 "Segment Information" to the "Notes to Consolidated Financial Statements" for financial information attributable to our reportable segments.

C. Other (As Restated)

Research and Development

We routinely cooperate with both our customers and the manufacturers of the equipment used in our processing facilities to improve processing technologies. However, no material amounts are expended for research and development, and we hold no material patents, licenses, franchises, or concessions.

Alliance One Employees (As Restated)

Alliance One's consolidated entities employed approximately 3,281 persons, excluding seasonal employees, in our worldwide operations at March 31, 2015. In the Other Regions operating segment, Alliance One's consolidated entities employed approximately 2,665 employees at March 31, 2015, excluding approximately 6,933 seasonal employees. Most seasonal employees are covered by collective bargaining agreements. In the North America operating segment, Alliance One's consolidated entities employed approximately 616 employees at March 31, 2015 excluding approximately 174 seasonal employees. Most seasonal employees as well as approximately 190 full-time factory personnel in the United States are covered by collective bargaining agreements. We consider Alliance One's employee relations to be satisfactory.

Government Regulation and Environmental Compliance

See Item 1A. "Risk Factors" for a discussion of government regulation. Currently there are no material estimated capital expenditures related to environmental control facilities. In addition, there is no material effect on capital expenditures, results of operations or competitive position anticipated as a result of compliance with current or pending federal or state laws and regulations relating to protection of the environment.

EXECUTIVE OFFICERS OF ALLIANCE ONE INTERNATIONAL, INC.

The following information is furnished with respect to the Company's executive officers as of April 1, 2015, and the capacities in which they serve. These officers serve at the pleasure of the Board of Directors and are elected at each annual organizational meeting of the Board.

NAME	AGE	TITLE
J. Pieter Sikkel	51	President and Chief Executive Officer
Graham J. Kayes	50	Executive Vice President - Business Relationship Management and Leaf
Jose Maria Costa Garcia	49	Executive Vice President - Global Operations and Supply Chain
Joel L. Thomas	48	Executive Vice-President - Chief Financial Officer
William L. O'Quinn, Jr.	46	Senior Vice President - Chief Legal Officer and Secretary

The business experience summaries provided below for the Company's executive officers describe positions held by the named individuals during the last five years.

J. Pieter Sikkel has served as President and Chief Executive Officer of Alliance One International, Inc., since March 2013, having previously served as President from December 14, 2010 through February 2013, Executive Vice President - Business Strategy and Relationship Management from May 2007 through December 13, 2010, and as Regional Director of Asia from May 2005 through April 2007.

Graham J. Kayes has served as Executive Vice President - Business Relationship Management and Leaf since July 2014, having previously served as Regional Director - Africa from February 2011 through June 2014, and as Managing Director of the Company's Tanzanian subsidiary from June 2007 through January 2011.

Jose Maria Costa Garcia has served as Executive Vice President - Global Operations and Supply Chain since August 2012, having previously served as Regional Director - Europe from September 2008 through July 2012, and as Regional Financial Director - Europe from April 2005 through August 2008.

Joel L. Thomas has served as Executive Vice President - Chief Financial Officer since January 2014, having previously served as Vice President - Treasurer from December 2005 through December 2013.

William L. O'Quinn, Jr. has served as Senior Vice President - Chief Legal Officer and Secretary since April 2011, having previously served as Senior Vice President - Assistant General Counsel and Secretary from January 2011 through March 2011, and as Assistant General Counsel and Assistant Secretary from August 2005 through December 2010.

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ITEM 1A. RISK FACTORS (AS RESTATED)

The following risk factors should be read carefully in connection with evaluating our business and the forward-looking statements contained in this Annual Report on Form 10-K/A. Any of the following risks could materially adversely affect our business, our operating results, our financial condition and the actual outcome of matters as to which forward-looking statements are made in this Annual Report.

We may from time to time make written or oral forward-looking statements, including statements contained in filings with the SEC, in reports to stockholders and in press releases and investor calls and webcasts. You can identify these forward-looking statements by use of words such as “strategy,” “expects,” “continues,” “plans,” “anticipates,” “believes,” “will,” “estimates,” “intends,” “projects,” “goals,” “targets” and other words of similar meaning. You can also identify them by the fact that they do not relate strictly to historical or current facts.

We cannot guarantee that any forward-looking statement will be realized, although we believe we have been prudent in our plans and assumptions. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Investors should bear this in mind as they consider forward-looking statements and whether to invest in or remain invested in Alliance One International, Inc. securities. In connection with the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, we are identifying important risk factors that, individually or in the aggregate, could cause actual results and outcomes to differ materially from those contained in any forward-looking statements made by us; any such statement is qualified by reference to the following cautionary statements. We elaborate on these and other risks we face throughout this document. You should understand that it is not possible to predict or identify all risk factors. Consequently, you should not consider the following to be a complete discussion of all potential risks or uncertainties. We do not undertake to update any forward-looking statement that we may make from time to time.

Risks Relating to Our Operations

Our reliance on a small number of significant customers may adversely affect our financial statements. Our customers are manufacturers of cigarette and other tobacco products. Several of these customers individually account for a significant portion of our sales in a normal year.

For the year ended March 31, 2015, each of Philip Morris International, Inc. and China Tobacco International Inc., including their respective affiliates, accounted for more than 10% of our revenues from continuing operations. In addition, tobacco product manufacturers have experienced consolidation and further consolidation among our customers could decrease such customers’ demand for our leaf tobacco or processing services. The loss of any one or more of our significant customers could have a material adverse effect on our financial statements.

Continued vertical integration by our customers could materially adversely affect our financial statements. Demand for our leaf tobacco or processing services could be materially reduced if cigarette manufacturers continue to significantly vertically integrate their operations, either through acquisition of our competitors, establishing new operations or contracting directly with suppliers. During fiscal 2014, we completed the formation of a joint venture in Brazil with China Tobacco International Inc. The joint venture entity had previously operated as one of our subsidiaries since its formation in 2012. In recent years, Japan Tobacco, Inc. vertically integrated operations in Malawi, Brazil and the United States. In addition, Philip Morris International, Inc. acquired supplier contracts and related assets in Brazil in order to procure leaf directly. In general, our results of operations have been adversely affected by vertical integration initiatives. Further vertical integration by our customers could have a material adverse effect on our financial statements.

Global shifts in sourcing customer requirements may negatively impact our organizational structure and asset base. The global leaf tobacco industry has experienced shifts in the sourcing of customer requirements for tobacco. For example, significant tobacco production volume decreases have occurred in the United States, Zimbabwe and Western Europe from historical levels. At the same time, production volumes in other sourcing origins, such as Brazil and

other areas of Africa, have stabilized. Additional shifts in sourcing may occur as a result of currency fluctuations, including devaluation of the U.S. dollar. A shift in sourcing origins in Europe has been influenced by modifications to the tobacco price support system in the European Union (EU). Customer requirements have changed due to these variations in production, which could influence our ability to plan effectively for the longer term in Europe.

We may not be able to timely or efficiently adjust to shifts in sourcing origins, and adjusting to shifts may require changes in our production facilities in certain origins and changes in our fixed asset base. We have incurred, and may continue to incur, restructuring charges as we continue to adjust to shifts in sourcing. Adjusting our capacity and adjusting to shifts in sourcing may have an adverse impact on our ability to manage our costs, and could have an adverse effect on our financial performance.

Risks Relating to Our Operations (continued)

Our financial results will vary according to growing conditions, customer indications and other factors, which reduces your ability to gauge our quarterly and annual financial performance.

Our financial results, particularly the quarterly financial results, may be significantly affected by fluctuations in tobacco growing seasons and crop sizes which affect the supply of tobacco. Crop sizes may be affected by, among other things, crop infestation and disease, the volume of annual tobacco plantings and yields realized by supplier and suppliers elections to grow crops other than tobacco. The cultivation period for tobacco is dependent upon a number of factors, including the weather and other natural events, such as hurricanes or tropical storms, and our processing schedule and results of operations for any quarterly period can be significantly altered by these factors.

The cost of acquiring tobacco can fluctuate greatly due to crop sizes and increased competition in certain markets in which we purchase tobacco. For example, short crops in periods of high demand translate into higher average green prices, higher throughput costs and less volume to sell. Furthermore, large crops translate into lower average green prices, lower throughput costs and excess volume to sell.

Further, the timing and unpredictability of customer indications, orders and shipments cause us to keep tobacco in inventory, increase our risk and result in variations in quarterly and annual financial results. The timing of shipments can be materially impacted by shortages of containers and vessels for shipping as well as infrastructure and accessibility issues in ports we use for shipment. We may from time to time in the ordinary course of business keep a significant amount of processed tobacco in inventory for our customers to accommodate their inventory management and other needs. Sales recognition by us and our subsidiaries is based on the passage of ownership, usually with shipment of product. Because individual shipments may represent significant amounts of revenue, our quarterly and annual financial results may vary significantly depending on our customers' needs and shipping instructions. These fluctuations result in varying volumes and sales in given periods, which also reduces your ability to compare our financial results in different periods or in the same periods in different years.

Suppliers who have historically grown tobacco and from whom we have purchased tobacco may elect to grow other crops instead of tobacco, which affects the world supply of tobacco and may impact our quarterly and annual financial performance.

Increases in the prices for other crops have led and may in the future lead suppliers who have historically grown tobacco, and from whom we have purchased tobacco, to elect to grow these other, more profitable items instead of tobacco. A decrease in the volume of tobacco available for purchase may increase the purchase price of such tobacco. As a result, we could experience an increase in tobacco crop acquisition costs which may impact our quarterly and annual financial performance.

Our advancement of inputs to tobacco suppliers could expose us to losses.

We advance seeds, fertilizer, pesticides and other products related to growing tobacco to our suppliers, which represent prepaid inventory, in many countries to allow the suppliers to grow tobacco, which we are contractually obligated to purchase. The advances to tobacco suppliers are settled as part of the consideration paid upon the suppliers delivering us unprocessed tobacco at market prices. Two primary factors determine the market value of the tobacco suppliers deliver to us: the quantity of tobacco delivered and the quality of the tobacco delivered.

Unsatisfactory quantities or quality of the tobacco delivered could result in losses with respect to advances to our tobacco suppliers or the deferral of those advances.

When we purchase tobacco directly from suppliers, we bear the risk that the tobacco will not meet our customers' quality and quantity requirements.

In countries where we contract directly with tobacco suppliers, including Argentina, Brazil, the United States and certain African countries, we bear the risk that the tobacco delivered will not meet quality and quantity requirements of our customers. If the tobacco does not meet such market requirements, we may not be able to sell the tobacco we agreed to buy and may not be able to meet all of our customers' orders, which would have an adverse effect on our profitability and results of operations.

Weather and other conditions can affect the marketability of our inventory.

Like other agricultural products, the quality of tobacco is affected by weather and the environment, which can change the quality or size of the crop. If a weather event is particularly severe, such as a major drought or hurricane, the affected crop could be destroyed or damaged to an extent that it would be less desirable to our customers, which would result in a reduction in revenues. If such an event is also widespread, it could affect our ability to acquire the quantity of products required by customers. In addition, other items can affect the marketability of tobacco, including, among other things, the presence of:

- non-tobacco related material;
- genetically modified organisms; and
- excess residues of pesticides, fungicides and herbicides.

A significant event impacting the condition or quality of a large amount of any of the tobacco crops we buy could make it difficult for us to sell such tobacco or to fill our customers' orders. In addition, in the event of climate change, adverse weather patterns could develop in the growing regions in which we purchase tobacco. Such adverse weather patterns could result in more permanent disruptions in the quality and size of the available crop, which could adversely affect our business.

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Risks relating to Our Operations (continued)

We face increased risks of doing business due to the extent of our international operations.

We do business in more than 35 countries, some of which do not have stable economies or governments. Our international operations are subject to international business risks, including unsettled political conditions, uncertainty in the enforcement of legal obligations, including the collection of accounts receivable, expropriation, import and export restrictions, exchange controls, inflationary economies, currency risks and risks related to the restrictions on repatriation of earnings or proceeds from liquidated assets of foreign subsidiaries. These risks are exacerbated in countries where we have advanced substantial sums or guaranteed local loans or lines of credit for the purchase of tobacco from suppliers. For example, in 2006 as a result of the political environment, economic instability, foreign currency controls and governmental regulations in Zimbabwe, we deconsolidated our Zimbabwe subsidiaries.

Our international operations are in areas where the demand is for the export of lower priced tobacco. We have significant investments in our purchasing, processing and exporting operations in Argentina, Brazil, Malawi, Tanzania and Turkey.

In recent years, economic problems in certain African countries have received wide publicity related to devaluation and appreciation of the local currency and inflation. Devaluation and appreciation can affect our purchase costs of tobacco and our processing costs. In addition, we conduct business with suppliers and customers in countries that have recently had or may be subject to dramatic political regime change, such as Egypt. In the event of such dramatic changes in the government of such countries, we may be unable to continue to operate our business, or adequately enforce legal obligations, after the change in a manner consistent with prior practice.

We are subject to potentially inconsistent actions by the governments of certain foreign countries in which we operate which may have a significant impact on our financial results. For example, in 2006, our concession to promote tobacco production in the Chifunde district of Mozambique was terminated by the government. Thereafter, we assessed our remaining Mozambique operations without the Chifunde district and determined that it was not in our economic interest to remain in Mozambique without this strategic district. Consequently, we discontinued our operations within Mozambique after the 2006 crop.

We are subject to the Foreign Corrupt Practices Act (the "FCPA") and operate in jurisdictions that pose a high risk of potential FCPA violations.

We are subject to the FCPA, which generally prohibits companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business and/or other benefits. We operate in a number of jurisdictions that pose a high risk of potential FCPA violations. Although our corporate policy prohibits foreign bribery and we have adopted procedures to promote compliance, there is no assurance that our policy or procedures will work effectively all of the time or protect us against liability under the FCPA for actions taken by our agents, employees and intermediaries with respect to our business or any businesses that we acquire. Failure to comply with the FCPA, other anti-corruption laws and other laws governing the conduct of business with government entities (including local laws) could lead to criminal and civil penalties and other remedial measures (including further changes or enhancements to our procedures, policies, and controls, the imposition of a compliance monitor at our expense and potential personnel changes and/or disciplinary actions), any of which could have an adverse impact on our business, financial condition, results of operations and liquidity. Any investigation of any potential violations of the FCPA or other anti-corruption laws by U.S. or foreign authorities also could have an adverse impact on our business, financial condition and results of operations.

In 2010, we entered into settlements with the SEC and the U.S. Department of Justice to resolve their investigations regarding potential criminal and civil violations of the FCPA. The settlements resulted in the disgorgement in profits and fines totaling \$19.45 million, which have been paid. Both settlements also required us to retain an independent compliance monitor for a three year term that was completed September 30, 2013.

Our exposure to changes in foreign tax regimes could adversely impact our business.

We do business in countries that have tax regimes in which the rules are not clear, are not consistently applied and are subject to sudden change. This is especially true with regard to international transfer pricing. Our earnings could be

reduced by the uncertain and changing nature of these tax regimes.

Fluctuations in foreign currency exchange and interest rates could adversely affect our results of operations. We conduct our business in many countries around the world. Our business is generally conducted in U.S. dollars, as is the business of the leaf tobacco industry as a whole. However, we generally must purchase tobacco in non-U.S. countries using local currency. As a result, local country operating costs, including the purchasing and processing costs for tobaccos, are subject to the effects of exchange fluctuations of the local currency against the U.S. dollar. When the U.S. dollar weakens against foreign currencies, our costs for purchasing and processing tobacco in such currencies increases. We attempt to minimize such currency risks by matching the timing of our working capital borrowing needs against the tobacco purchasing and processing funds requirements in the currency of the country where the tobacco is grown. Fluctuations in the value of foreign currencies can significantly affect our operating results.

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Risks relating to Our Operations (continued)

Fluctuations in foreign currency exchange and interest rates could adversely affect our results of operations.
(continued)

In addition, the devaluation of foreign currencies has resulted and may in the future result in reduced purchasing power from customers whose capital resources are denominated in those currencies. We may incur a loss of business as a result of the devaluation of these currencies now or in the future.

Low investment performance by our defined benefit pension plan assets may increase our pension expense, and may require us to fund a larger portion of our pension obligations, thus, diverting funds from other potential uses. We sponsor defined benefit pension plans that cover certain eligible employees. Our pension expense and required contributions to our pension plans are directly affected by the value of plan assets, the projected rate of return on plan assets, the actual rate of return on plan assets, and the actuarial assumptions we use to measure the defined benefit pension plan obligations.

If plan assets perform below the assumed rate of return used to determine pension expense, future pension expense will increase. Further, as a result of the global economic instability or other economic market events, our pension plan investment portfolio may experience significant volatility.

The proportion of pension assets to liabilities, which is called the funded status, determines the level of contribution to the plan that is required by law. In recent years, we have funded the plan in amounts as required, but changes in the plan's funded status related to the value of assets or liabilities could increase the amount required to be funded. We cannot predict whether changing market or economic conditions, regulatory changes or other factors will further increase our pension funding obligations, diverting funds that would otherwise be available for other uses.

Competition could erode our earnings.

The leaf tobacco industry is highly competitive. We are one of two global publicly held competitors in the leaf tobacco industry, each with similar global market shares. Competition is based primarily on the prices charged for products and services as well as the merchant's ability to meet customer specifications in the buying, processing and financing of tobacco. In addition, there is competition in all countries to buy the available tobacco. The loss or substantial reduction of any large or significant customer could reduce our earnings.

In addition to the two primary global independent leaf tobacco merchants, the cigarette manufacturers increasingly buy tobacco directly from suppliers. We also face increasing competition from new local and regional independent leaf merchants with low fixed costs and overhead and good customer connections at the local level, particularly Brazil and parts of Africa, where the new entrants have been able to capitalize in the global transition to those markets. Any of these sources of new competition may result in less tobacco available for us to purchase and process in the applicable markets.

We rely on internal and externally hosted information technology systems and disruption, failure or security breaches of these systems could adversely affect our business.

We rely on information technology (IT) systems, including systems hosted by service providers. The enterprise resource planning system (SAP) we are implementing in stages throughout the company, for example, is hosted by Capgemini and our domestic employee payroll system is hosted by Ceridian. Although we have disaster recovery plans and several intrusion preventive mitigating tools and services in place, which are active inline services or are tested routinely, our portfolio of hardware and software products, solutions and services and our enterprise IT systems, including those hosted by service providers, may be vulnerable to damage or disruption caused by circumstances beyond our control, such as catastrophic events, power outages, natural disasters, computer system or network failures, computer viruses or other malicious software programs and cyber-attacks, including system hacking and other cyber-security breaches. The failure or disruption of our IT systems to perform as anticipated for any reason could disrupt our business and result in decreased performance, significant remediation costs, transaction errors, loss of data, processing inefficiencies, downtime, litigation, and the loss of suppliers or customers. A significant disruption or failure could have a material adverse effect on our business operations, financial performance and financial

condition.

We have identified material weaknesses related to our internal controls in the past, and there can be no assurance that material weaknesses will not be identified in the future.

On February 19, 2016, we concluded that the financial statements included in our Annual Form 10-K for the year ended March 31, 2015 could not be relied upon due to improper accounting for accounts receivable and inventory in Kenya. As a result, we identified certain matters involving our internal control over financial reporting that we determined to be material weaknesses. We believe we will complete the remediation of those material weaknesses in internal control over financial reporting during fiscal 2017. Although we intend to aggressively monitor and improve our internal controls, we cannot assure you that other material weaknesses will not occur in the future. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could cause us to fail to meet our reporting obligations or result in misstatements in our financial statements in amounts that could be material. Ineffective internal controls could cause investors to lose confidence in our reported financial information, which could have a negative effect on the value of our common stock and could also require additional restatements of our prior reported financial information.

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Risks Relating to Our Capital Structure

We may not continue to have access to the capital markets to obtain long-term and short-term financing on acceptable terms and conditions.

We access the short-term capital markets and, from time to time, the long-term markets to obtain financing. Although we believe that we can continue to access the capital markets in fiscal 2016 on acceptable terms and conditions, our access and the availability of acceptable terms and conditions are impacted by many factors, including: (i) our credit ratings; (ii) the liquidity and volatility of the overall capital markets; and (iii) the current state of the economy, including the tobacco industry. There can be no assurances that we will continue to have access to the capital markets on terms acceptable to us.

We may not have access to available capital to finance our local operations in non-U.S. jurisdictions.

We have typically financed our non-U.S. local operations with uncommitted short-term operating credit lines at the local level. These operating lines are typically seasonal in nature, normally extending for a term of 180 to 270 days corresponding to the tobacco crop cycle in that location. These facilities are typically uncommitted in that the lenders have the right to cease making loans or demand payment of outstanding loans at any time. In addition, each of these operating lines must be renewed with each tobacco crop season in that jurisdiction. Although our foreign subsidiaries are the borrowers under these lines, many of them are guaranteed by us.

As of March 31, 2015, we had approximately \$330.3 million drawn and outstanding on short-term foreign seasonal lines with maximum capacity totaling \$795.7 million subject to limitations under our senior secured credit facility. Additionally against these lines there was \$10.9 million available in unused letter of credit capacity with \$6.3 million issued but unfunded.

Because the lenders under these operating lines typically have the right to cancel the loan at any time and each line must be renewed with each crop season, there can be no assurance that this capital will be available to our subsidiaries. If a number of these lenders cease lending to our subsidiaries or dramatically decrease such lending, it could have a material adverse affect on our liquidity.

Failure of foreign banks in which our subsidiaries deposit funds or the failure to transfer funds or honor withdrawals may affect our results of operations.

Funds held by our foreign subsidiaries are often deposited in their local banks. Banks in certain foreign jurisdictions may be subject to a higher rate of failure or may not honor withdrawals of deposited funds. In addition, the countries in which these local banks operate may lack sufficient regulatory oversight or suffer from structural weaknesses in the local banking system. Due to uncertainties and risks relating to the political stability of certain foreign governments, these local banks also may be subject to exchange controls and therefore unable to perform transfers of certain currencies. If our ability to gain access to these funds was impaired, it could have a material adverse effect on our results of operations.

We have substantial debt which may adversely affect us by limiting future sources of financing, interfering with our ability to pay interest and principal on the senior notes and subjecting us to additional risks.

We have a significant amount of indebtedness and debt service obligations. As of March 31, 2015, we had approximately \$1,072.1 million of indebtedness. In addition, the indenture governing the senior secured second lien notes allows us to incur additional indebtedness under certain circumstances. If we add new indebtedness to our current indebtedness levels, the related risks that we now face could increase.

Our substantial debt will have important consequences, including:

- that our indebtedness may make it more difficult for us to satisfy our obligations with respect to the senior notes and our other obligations;
- that our indebtedness may limit our ability to obtain additional financing on satisfactory terms and to otherwise fund working capital, capital expenditures, debt refinancing, acquisitions and other general corporate requirements;
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that a significant portion of our cash flow from operations must be dedicated to paying interest on and the repayment of the principal of our indebtedness. This reduces the amount of cash we have available for making principal and interest payments under the senior notes and for other purposes and makes us more vulnerable to a decrease in demand for leaf tobacco, increases in our operating costs or general economic or industry conditions;

- that our ability to adjust to changing market conditions and to compete with other global leaf tobacco merchants may be hampered by the amount of debt we owe;
- increasing our vulnerability to general adverse economic and industry conditions;
- placing us at a competitive disadvantage compared to our competitors that have less debt or are less leveraged;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; and
- restricting us from making strategic acquisitions or exploiting business opportunities.

Risks Relating to Our Capital Structure (continued)

We have substantial debt which may adversely affect us by limiting future sources of financing, interfering with our ability to pay interest and principal on the senior notes and subjecting us to additional risks. (continued)

In addition, the indenture governing the senior secured second lien notes and our senior secured credit facility each contain financial and other restrictive covenants that will limit our ability to engage in activities that may be in our long-term best interests. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of our debt. Also, a substantial portion of our debt, including borrowings under our senior secured credit facility, bears interest at variable rates. If market interest rates increase, variable-rate debt will create higher debt service requirements, which would adversely affect our cash flow. While we may enter into agreements limiting our exposure to higher debt service requirements, any such agreements may not offer complete protection from this risk.

Despite current indebtedness levels, we may still be able to incur substantially more debt. This could exacerbate further the risks associated with our significant leverage.

We may be able to incur substantial additional indebtedness in the future. The terms of the indenture governing our publicly traded senior secured second lien notes and our credit agreement restrict, but do not completely prohibit, us from doing so. Our senior secured credit facility provides for a revolving credit line of \$210.3 million. There were no borrowings outstanding under this facility at March 31, 2015. If new debt is added to our current debt levels, the related risks we now face could intensify.

The indentures governing the senior notes and our senior secured credit facility contain, and in the future could contain additional, covenants and tests that limit our ability to take actions or cause us to take actions we may not normally take.

The indenture governing the senior secured second lien notes and our senior secured credit facility contain a number of significant covenants. These covenants limit our ability to, among other things:

- incur additional indebtedness;
- issue preferred stock;
- merge, consolidate or dispose of substantially all of our assets;
- grant liens on our assets;
- pay dividends, redeem stock or make other distributions or restricted payments;
- repurchase or redeem capital stock or prepay subordinated debt;
- make certain investments;
- agree to restrictions on the payment of dividends to us by our subsidiaries;
- sell or otherwise dispose of assets, including equity interests of our subsidiaries;
- enter into transactions with our affiliates; and
- enter into certain sale and leaseback transactions.

Our senior secured credit facility and the indenture require us to meet certain financial tests. Complying with these covenants and tests may cause us to take actions that we otherwise would not take or not take actions that we otherwise would take. The failure to comply with these covenants and tests would cause a default under the credit facility and, under the indenture, would prevent us from taking certain actions, such as incurring additional debt, paying dividends or redeeming senior notes or subordinated debt. A default, if not waived, could result in the debt under our senior secured credit facility and the indenture becoming immediately due and payable and could result in a default or acceleration of our other indebtedness with cross-default provisions. If this occurs, we may not be able to pay our debt or borrow sufficient funds to refinance it. Even if new financing is available, it may not be on terms that are acceptable to us.

We may not be able to satisfy the covenants included in our financing arrangements which could result in the default of our outstanding debt obligations.

In the recent past, we have sought and obtained waivers and amendments under our then existing financing arrangements to avoid future non-compliance with financial covenants and cure past defaults under restrictive covenants. We also paid significant fees to obtain these waivers and consents. You should consider this in evaluating our ability to comply with restrictive covenants in our debt instruments and the financial costs of our ability to do so. Any future defaults for which we do not obtain waivers or amendments could result in the acceleration of a substantial portion of our indebtedness, much of which is cross-defaulted to other indebtedness.

Risks Relating to Our Capital Structure (continued)

We will require a significant amount of cash to service our indebtedness. Our ability to generate cash depends on many factors beyond our control.

Our ability to make payments on and to refinance our indebtedness, including the notes, and to fund planned capital expenditures will depend on our ability to generate cash in the future. This is subject to general economic, financial, competitive and other factors that may be beyond our control. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us under our senior secured credit facility or otherwise in an amount sufficient to enable us to pay our indebtedness, including the senior secured second lien notes, or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness, including the senior secured second lien notes, on or before maturity. We cannot assure you that we will be able to refinance any of our debt, including our senior secured credit facility or the senior secured second lien notes, on commercially reasonable terms or at all. Additionally, to the extent permitted under our senior secured credit agreement and indenture, we may repurchase, repay or tender for our bank debt or our senior secured second lien notes, which may place pressure on future cash requirements to the extent that the debt repurchased, repaid or tendered cannot be redrawn.

If we refinance our current credit facilities, we may not be able to obtain the same credit availability or at interest rates similar to our current credit facilities.

If credit market conditions worsen, it could have a material adverse impact on our ability to refinance our current credit facilities on similar or better terms than our current credit facility.

Risks Related to Global Financial and Credit Markets

Volatility and disruption of global financial and credit markets may negatively impact our ability to access financing and expose us to unexpected risks.

Global financial and credit markets exposes us to a variety of risks as we fund our business with a combination of cash from operations, short-term seasonal credit lines, our revolving credit facility, long-term debt securities and customer advances. We have financed our non-U.S. operations with uncommitted unsecured short term seasonal lines of credit at the local level. These local operating lines typically extend for a term of up to one year and are typically uncommitted in that the lenders have the right to cease making loans and demand repayment of loans at any time. As of March 31, 2015, we had approximately \$330.3 million drawn and outstanding on short-term foreign seasonal lines with maximum capacity totaling \$795.7 million. Changes in the global financial and credit markets could create uncertainty as to whether local seasonal lines will continue to be available to finance our non-U.S. operations to the extent or on terms similar to what has been available in the past and whether repayment of existing loans under these lines will be demanded prior to maturity. To the extent that local seasonal lines cease to be available at levels necessary to finance our non-U.S. operations or we are required to repay loans under the lines prior to maturity, we may be required to seek alternative financing sources beyond our existing committed sources of funding. Based on the current financial and credit markets, we cannot assure you that such alternative funding will be available to us on terms and conditions acceptable to us, or at all. In the event that we may be required to support our non-U.S. operations by borrowing U.S. dollars under our existing senior secured credit facility, we may be exposed to additional currency exchange risk that we may be unable to successfully hedge. Further, there is additional risk that certain banks that are lenders in the U.S. senior secured credit facility could be unable to meet contractually obligated borrowing requests in the future if their financial condition were to deteriorate. In addition, we maintain deposit accounts with numerous financial institutions around the world in amounts that exceed applicable governmental deposit insurance levels. While we actively monitor our deposit relationships, we are subject to risk of loss in the event of the unanticipated failure of a financial institution in which we maintain deposits, which loss could be material to our results of operations and financial condition.

Derivative transactions may expose us to potential losses and counterparty risk.

We have entered into certain derivative transactions, including interest rate swaps and foreign exchange contracts. Changes in the fair value of these derivative financial instruments that are not accounted for as cash flow hedges are reported as income, and accordingly could materially affect our reported income in any period. In addition, the counterparties to these derivative transactions are financial institutions or affiliates of financial institutions, and we are subject to risks that these counterparties default under these transactions. In some of these transactions, our exposure to counterparty credit risk is not secured by any collateral. Global economic conditions over the last few years have resulted in the actual or perceived failure or financial difficulties of many financial institutions, including bankruptcy. If one or more of the counterparties to one or more of our derivative transactions not secured by any collateral becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at the time under those transactions. We can provide no assurances as to the financial stability or viability of any of our counterparties.

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Risks Relating to the Tobacco Industry

Reductions in demand for consumer tobacco products could adversely affect our results of operations.

The tobacco industry, both in the United States and abroad, continues to face a number of issues that may reduce the consumption of cigarettes and adversely affect our business, sales volume, results of operations, cash flows and financial condition.

These issues, some of which are more fully discussed below, include:

- governmental actions seeking to ascribe to tobacco product manufacturers liability for adverse health effects associated with smoking and exposure to environmental tobacco smoke;
- smoking and health litigation against tobacco product manufacturers;
- increased consumer acceptance of electronic cigarettes;
- tax increases on consumer tobacco products;
- current and potential actions by state attorneys general to enforce the terms of the Master Settlement Agreement, or MSA, between state governments in the United States and tobacco product manufacturers;
- governmental and private bans and restrictions on smoking;
- actual and proposed price controls and restrictions on imports in certain jurisdictions outside the United States;
- restrictions on tobacco product manufacturing, marketing, advertising and sales;
- the diminishing social acceptance of smoking;
- increased pressure from anti-smoking groups;
- other tobacco product legislation that may be considered by Congress, the states, municipalities and other countries;
- and
- the impact of consolidation among multinational cigarette manufacturers.

Tobacco product manufacturer litigation may reduce demand for our products and services.

Our primary customers, the leading cigarette manufacturers, face thousands of lawsuits brought throughout the United States and, to a lesser extent, the rest of the world. These lawsuits have been brought by plaintiffs, including (1) individuals and classes of individuals alleging personal injury and/or misleading advertising, (2) governments (including governmental and quasi-governmental entities in the United States and abroad) seeking recovery of health care costs allegedly caused by cigarette smoking, and (3) other groups seeking recovery of health care expenditures allegedly caused by cigarette smoking, including third-party health care payors, such as unions and health maintenance organizations. Damages claimed in some of the smoking and health cases range into the billions of dollars. There have been several jury verdicts in tobacco product litigation during the past several years. Additional plaintiffs continue to file lawsuits. The effects of the lawsuits on our customers could reduce their demand for tobacco from us.

Legislation and regulatory and other governmental initiatives could impose burdensome restrictions on the tobacco industry and reduce consumption of consumer tobacco products and demand for our services.

The Family Smoking Prevention and Tobacco Control Act extends the authority of the Food and Drug Administration ("FDA") to regulate tobacco products. This act authorizes the FDA to adopt product standards for tobacco products, including the level of nicotine yield and the reduction or elimination of other constituents of the products, along with provisions for the testing of products against these standards. The act imposes further restrictions on advertising of tobacco products, authorizes the FDA to limit the sales of tobacco products to face-to-face transactions permitting the verification of the age of the purchaser, authorizes a study to determine whether the minimum age for the purchase of tobacco products should be increased and requires submission of reports from manufacturers of tobacco products to the FDA regarding product ingredients and other matters, including reports on health, toxicological, behavioral, or physiologic effects of tobacco products and their constituents. The act also mandates warning labels and requires packaging to indicate the percentage of domestically grown tobacco and foreign grown tobacco included in the product. The FDA has adopted regulations under the act establishing requirements for the sale, distribution and marketing of cigarettes, as well as package warnings and advertising limitations.

In addition, the act directs the FDA to promulgate regulations requiring that the methods used in, and the facilities and controls used for, the manufacture, preproduction design validation, packing, and storage of a tobacco product conform to current good manufacturing practice. The act does not apply to tobacco leaf that is not in the possession of a manufacturer of tobacco products, or to the producers of tobacco leaf, including tobacco suppliers, tobacco warehouses, and tobacco supplier cooperatives unless those entities are controlled by a tobacco product manufacturer. The FDA has adopted regulations to implement only certain of these provisions. The full impact of these provisions of the legislation, adopted and proposed regulations and any future regulatory action to implement these provisions is uncertain. However, if the effect of such legislation is a significant reduction in consumption of tobacco products, it could materially adversely affect our business, volume, results of operations, cash flows and financial condition.

Risks Relating to the Tobacco Industry (continued)

Legislation and regulatory and other governmental initiatives could impose burdensome restrictions on the tobacco industry and reduce consumption of consumer tobacco products and demand for our services. (continued)

Reports with respect to the harmful physical effects of cigarette smoking have been publicized for many years, and the sale, promotion and use of cigarettes continue to be subject to increasing governmental regulation. Since 1964, the Surgeon General of the United States and the Secretary of Health and Human Services have released a number of reports linking cigarette smoking with a broad range of health hazards, including various types of cancer, coronary heart disease and chronic lung disease, and recommending various governmental measures to reduce the incidence of smoking. More recent reports focus upon the addictive nature of cigarettes, the effects of smoking cessation, the decrease in smoking in the United States, the economic and regulatory aspects of smoking in the Western Hemisphere, and cigarette smoking by adolescents, particularly the addictive nature of cigarette smoking in adolescence. Numerous state and municipal governments have taken and others may take actions to diminish the social acceptance of smoking of tobacco products, including banning smoking in certain public and private locations.

A number of foreign nations also have taken steps to restrict or prohibit cigarette advertising and promotion, to increase taxes on cigarettes and to discourage cigarette smoking. In some cases, such restrictions are more onerous than those in the United States. For example, advertising and promotion of cigarettes has been banned or severely restricted for a number of years in Australia, Canada, Finland, France, Italy, Singapore and other countries. Further, in February 2005, the World Health Organization (“WHO”) treaty, the Framework Convention for Tobacco Control (“FCTC”), entered into force. This treaty, to which 180 nations were parties at March 31, 2015, requires signatory nations to enact legislation that would require, among other things, specific actions to prevent youth smoking; restrict or prohibit tobacco product marketing; inform the public about the health consequences of smoking and the benefits of quitting; regulate the content of tobacco products; impose new package warning requirements including the use of pictorial or graphic images; eliminate cigarette smuggling and counterfeit cigarettes; restrict smoking in public places; increase and harmonize cigarette excise taxes; abolish duty-free tobacco sales; and permit and encourage litigation against tobacco product manufacturers.

Due to the present regulatory and legislative environment, a substantial risk exists that past growth trends in tobacco product sales may not continue and that existing sales may decline. A significant decrease in worldwide tobacco consumption brought about by existing or future governmental laws and regulations would reduce demand for tobacco products and services and could have a material adverse effect on our results of operations.

Government actions can have a significant effect on the sourcing of tobacco. If some of the current efforts are successful, we could have difficulty obtaining sufficient tobacco to meet our customers’ requirements, which could have an adverse effect on our performance and results of operations.

The WHO, through the FCTC, created a formal study group to identify and assess crop diversification initiatives and alternatives

to leaf tobacco growing in countries whose economies depend upon tobacco production. The study group began its work in February 2007. In its initial report published later that year, the study group indicated that the FCTC did not aim to phase out tobacco growing, but the study group's focus on alternatives to tobacco crops was in preparation for its anticipated eventual decrease in demand resulting from the FCTC's other tobacco control initiatives.

If the objective of the FCTC study group were to change to seek to eliminate or significantly reduce leaf tobacco production and certain countries were to partner with the study group in pursuing this objective, we could encounter difficulty in sourcing leaf tobacco to fill customer requirements, which could have an adverse effect on our results of operations.

In addition, continued government and public emphasis on environmental issues, including climate change, conservation, and natural resource management, could result in new or more stringent forms of regulatory oversight of industry activities, which may lead to increased levels of expenditures for environmental controls, land use restrictions affecting us or our suppliers, and other conditions that could have a material adverse effect on our business, financial condition, and results of operations. For example, certain aspects of our business generate carbon emissions. Regulatory restrictions on greenhouse gas emissions have been proposed in certain countries in which we operate.

These may include limitations on such emissions, taxes or emission allowance fees on such emissions, various restrictions on industrial operations, and other measures that could affect land-use decisions, the cost of agricultural production, and the cost and means of processing and transporting our products. These actions could adversely affect our business, financial condition, and results of operations.

We have been subject to governmental investigations into, and litigation concerning, leaf tobacco industry buying and other payment practices.

The leaf tobacco industry, from time to time, has been the subject of government investigations regarding trade practices. For example, we were the subject of an investigation by the Antitrust Division of the United States Department of Justice into certain buying practices alleged to have occurred in the industry, we were named defendants in an antitrust class action litigation alleging a conspiracy to rig bids in the tobacco auction markets, and we were the subject of an administrative investigation into certain tobacco buying and selling practices alleged to have occurred within the leaf tobacco industry in some countries within the European Union, including Spain, Italy, Greece and potentially other countries.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES (AS RESTATED)

Following is a description of Alliance One's material properties as of March 31, 2015.

Corporate

Our corporate headquarters are located in Morrisville, North Carolina and are leased under an agreement that expires in May 2021.

Facilities

We own a total of 11 production facilities in 7 countries. We operate each of our tobacco processing plants for seven to nine months during the year to correspond with the applicable harvesting season. While we believe our production facilities have been efficiently utilized, we continually compare our production capacity and organization with the transitions occurring in global sourcing of tobacco. We also believe our domestic production facilities and certain foreign production facilities have the capacity to process additional volumes of tobacco if required by customer demand.

The following is a listing of the various material properties used in operations all of which are owned by Alliance One:

LOCATION	USE
NORTH AMERICA SEGMENT	
UNITED STATES	
WILSON, N.C.	FACTORY/STORAGE
FARMVILLE, N.C.	FACTORY/STORAGE
DANVILLE, VA	STORAGE
OTHER REGIONS SEGMENT	
SOUTH AMERICA	
VENANCIO AIRES, BRAZIL	FACTORY/STORAGE
ARARANGUA, BRAZIL	FACTORY/STORAGE
EL CARRIL, ARGENTINA	FACTORY/STORAGE
AFRICA	
LILONGWE, MALAWI	FACTORY/STORAGE
MOROGORO, TANZANIA	FACTORY/STORAGE
EUROPE	
KARLSRUHE, GERMANY	FACTORY/STORAGE
ASIA	
NGORO, INDONESIA	FACTORY/STORAGE

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ITEM 3. LEGAL PROCEEDINGS

Mindo, S.r.l., the purchaser in 2004 of the Company's Italian subsidiary Dimon Italia, S.r.l., asserted claims against a subsidiary of the Company arising out of that sale transaction in an action filed before the Court of Rome on April 12, 2007. The claim involved a guaranty letter issued by a consolidated subsidiary of the Company in connection with the sale transaction, and sought the recovery of €7.4 million plus interest and costs. On November 11, 2013, the court issued its judgment in favor of the Company's subsidiary, rejecting the claims asserted by Mindo, S.r.l., and awarding the Company's subsidiary legal costs of €0.05 million. On December 23, 2014, Mindo, S.r.l. appealed the judgment of the Court of Rome to the Court of Appeal of Rome. A hearing before the Court of Appeal of Rome has been set for June 12, 2015. The outcome of, and timing of a decision on, the appeal are uncertain.

In addition to the above-mentioned matter, certain of the Company's subsidiaries are involved in other litigation or legal matters incidental to their business activities, including tax matters. While the outcome of these matters cannot be predicted with certainty, the Company is vigorously defending them and does not currently expect that any of them will have a material adverse effect on its business or financial position. However, should one or more of these matters be resolved in a manner adverse to its current expectation, the effect on the Company's results of operations for a particular fiscal reporting period could be material.

ITEM 4. MINE SAFETY DISCLOSURES

N/A

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES (AS RESTATED)

Alliance One's common stock is traded on the New York Stock Exchange, under the ticker symbol "AOI."

The following table sets forth for the periods indicated the high and low reported sales prices of our common stock as reported by the NYSE and the amount of dividends declared per share for the periods indicated. Stock prices are adjusted for a 1-to-10 reverse stock split that was effective June 26, 2015.

	High	Low	Dividends Declared
Year Ended March 31, 2015			
Fourth Quarter	\$16.30	\$8.30	\$—
Third Quarter	21.00	15.20	—
Second Quarter	27.40	19.30	—
First Quarter	30.10	23.00	—
Year Ended March 31, 2014			
Fourth Quarter	\$31.00	\$24.10	\$—
Third Quarter	32.50	28.10	—
Second Quarter	42.30	27.90	—
First Quarter	39.90	34.10	—

As of March 31, 2015, there were 4,995 shareholders, including 4,243 non-objecting beneficial holders of our common stock.

The payment of dividends by Alliance One is subject to the discretion of our board of directors and will depend on business conditions, compliance with debt agreements, achievement of anticipated cost savings, financial condition and earnings, regulatory considerations and other factors. Our senior secured credit facility and the indenture

governing our senior secured second lien notes restrict our ability to pay dividends. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Dividends.”

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ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES (AS RESTATED) (continued)

Alliance One International, Inc. Comparison of Cumulative Total Return to Shareholders

The following line graph and table presents the cumulative total shareholder return of a \$100 investment including reinvestment of dividends and price appreciation over the last five years in each of the following: Alliance One International, Inc. (AOI) common stock, the S&P 500 Index, the S&P 600 Small Cap Index and an index of peer companies. The sole company in the peer group is Universal Corporation (UVV).

*\$100 invested on 3/31/10 in stock or index, including reinvestment of dividends.

Fiscal year ending March 31.

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Cumulative Total Return

	03/31/2010	03/31/2011	03/31/2012	03/31/2013	03/31/2014	03/31/2015
Alliance One International, Inc.	\$ 100.00	\$ 78.98	\$ 74.07	\$ 76.42	57.37	21.61
S&P 500	\$ 100.00	\$ 115.65	\$ 125.52	\$ 143.05	174.31	196.51
S&P Smallcap 600	\$ 100.00	\$ 125.26	\$ 131.56	\$ 152.80	195.29	212.32
Custom Peer Group	\$ 100.00	\$ 86.34	\$ 96.80	\$ 121.15	125.39	110.55

ITEM 6. SELECTED FINANCIAL DATA (AS RESTATED)

As discussed in the Explanatory Note to this Form 10-K/A (the "Explanatory Note") and in Note 1A of the Notes to Consolidated Financial Statements included in Part II. Item 8 of this Form 10-K/A, we are restating our audited consolidated financial statements and related disclosures for the years ended March 31, 2015, 2014 and 2013. In addition, as discussed in the Explanatory Note, we are also restating selected consolidated statement of operations data for the fiscal year ended March 31, 2012 and selected consolidated balance sheet data at March 31, 2012 and 2011, which restated selected consolidated financial data have not been audited. We have not included selected consolidated statement of operations data for the year ended March 31, 2011 as we have determined that it is impractical to do so. We have determined that the restatement of retained earnings of approximately \$10.7 million that occurred prior to April 1, 2011 is necessary as a result of the errors described in the Explanatory Note, but are unable to determine the extent of the impact of such errors in any period prior to April 1, 2011. The following selected financial data should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this Form 10-K/A.

FIVE YEAR FINANCIAL STATISTICS

Alliance One International, Inc. and Subsidiaries

	Years Ended March 31,				
(in thousands, except per share amount, ratio and number of stockholders)	2015 (As Restated)	2014 (As Restated)	2013 (As Restated)	2012 (6) (Restated/Unaudited)	2011 (6) (Restated/Unaudited)
Summary of Operations					

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Sales and other operating revenues	\$2,066,865	\$2,354,536	\$2,240,996	\$ 2,149,468	\$ —
Restructuring and asset impairment charges (recoveries)	9,118	5,111	(55)1,006	—
Operating income	97,969	106,219	162,201	149,636	—
Debt retirement expense (income) (1)	(771	)57,449	1,195	—	—
Net income (loss)	(26,302	)(101,404	)24,612	24,908	—
Net income (loss) attributable to Alliance One International, Inc.	(26,130	)(101,061	)23,913	25,168	—
Earnings Per Share Attributable to Alliance One International, Inc.: (5)					
Basic earnings (loss) per share	\$(2.96	)\$(11.52	)\$2.74	\$ 2.89	\$ —
Diluted earnings (loss) per share (2)	\$(2.96	)\$(11.52	)\$2.53	\$ 2.61	\$ —
Cash dividends paid	—	—	—	—	—
Balance Sheet Data					
Working capital	\$632,671	\$792,703	\$829,892	\$ 813,030	\$ 836,019
Total assets	1,626,646	1,748,013	1,895,373	1,933,867	1,795,813
Long-term debt	738,943	900,363	830,870	821,453	884,371
Stockholders' equity attributable to Alliance One International, Inc.	193,994	245,302	324,504	313,918	303,533
Other Data					
Ratio of earnings to fixed charges	—	—	1.44	1.44	—
Coverage deficiency	\$8,265	\$60,146	n/a	n/a	—
Common shares outstanding at year end (3) (5)	8,858	8,816	8,764	8,738	8,709
Number of stockholders at year end (4)	4,995	5,346	5,582	6,380	8,849

(1) For the year ended March 31, 2014, the Company refinanced its credit facility and long-term debt which resulted in recognition of significant costs to retire existing debt and accelerated recognition of related deferred financing costs and original issue discounts. For the year ended March 31, 2013, the Company terminated a long-term foreign seasonal borrowing which resulted in accelerated recognition of related deferred financing costs.

(2) For the years ended March 31, 2015, 2014 and 2011, all outstanding restricted shares and shares applicable to stock options and restricted stock units are excluded because their inclusion would have an antidilutive effect on the loss per share. For the years ended March 31, 2015, 2014 and 2011, assumed conversion of convertible notes at the beginning of the period has an antidilutive effect on the loss per share.

(3) Excluding 785 shares owned by a wholly owned subsidiary.

(4) Includes the number of stockholders of record and non-objecting beneficial owners.

(5) The Company's approved 1-for-10 reverse stock split of its common stock became effective after the close of trading on June 26, 2015. As a result, every 10 shares of Alliance One common stock outstanding were combined into one share of Alliance One common stock, reducing the number of outstanding shares of the Company's common stock at June 26, 2015 from approximately 88.6 million shares to approximately 8.86 million shares.

(6) The selected consolidated statement of operations data for the fiscal year ended March 31, 2012 and the selected consolidated balance sheet data at March 31, 2012 and 2011 have not been audited. We have not included selected consolidated statement of operation data for the year ended March 31, 2011 as we have determined that it is impractical to do so. We have determined that the restatement of retained earnings of approximately \$10.7 million that occurred prior to April 1, 2011 is necessary as a result of the errors described in the Explanatory Note, but are unable to determine the extent of the impact of such errors in any period prior to April 1, 2011.

ITEM 6. SELECTED FINANCIAL DATA (AS RESTATED) (continued)

FIVE YEAR FINANCIAL STATISTICS (continued)

Alliance One International, Inc. and Subsidiaries

(in thousands, except per share amount, ratio and number of stockholders)	2015				As Restated
	As Previously Reported	Inventory Adjustments (5)	Receivables Adjustments (6)	Other Adjustments (7)	
Summary of Operations					
Sales and other operating revenues	\$2,065,850	\$ —	\$ 1,584	\$ (569)	) \$2,066,865
Restructuring and asset impairment charges (recoveries)	9,118	—	—	—	9,118
Operating income	110,835	(14,727)	) 1,584	277	97,969
Debt retirement expense (income)	(771)	)—	—		(771)
Net income (loss)	(15,597)	) (13,899)	) 1,495	1,699	(26,302)
Net income (loss) attributable to Alliance One International, Inc.	(15,425)	) (13,899)	) 1,495	1,699	(26,130)
Earnings Per Share Attributable to Alliance One International, Inc.: (4)					
Basic earnings (loss) per share	\$(1.75)	)\$ (1.58)	) \$ 0.17	\$ 0.19	\$(2.96)
Diluted earnings (loss) per share (1)	\$(1.75)	)\$ (1.58)	) \$ 0.17	\$ 0.19	\$(2.96)
Cash dividends paid	—	—	—	—	—
Balance Sheet Data					
Working capital	\$672,236	\$ (31,643)	) \$ (7,277)	) \$ (645)	) \$632,671
Total assets	1,664,589	(31,665)	) (7,459)	) 1,181	1,626,646
Long-term debt	738,943	—	—	—	738,943
Stockholders' equity attributable to Alliance One International, Inc.	232,990	(31,643)	) (7,277)	) (76)	) 193,994
Other Data					
Ratio of earnings to fixed charges	1.04	(1.04)) —	—	—
Coverage deficiency	n/a	\$ 6,707	\$ 1,542	\$ 16	\$8,265
Common shares outstanding at year end (2) (4)	8,858	—	—	—	8,858
Number of stockholders at year end (3)	4,995	—	—	—	4,995

(1) For the year ended March 31, 2015, all outstanding restricted shares and shares applicable to stock options and restricted stock units are excluded because their inclusion would have an antidilutive effect on the loss per share. For the year ended March 31, 2015, assumed conversion of convertible notes at the beginning of the period has an antidilutive effect on the loss per share.

(2) Excluding 785 shares owned by a wholly owned subsidiary.

(3) Includes the number of stockholders of record and non-objecting beneficial owners.

(4) Shares and earnings per share are adjusted for a 1-for-10 reverse stock split that was effective June 26, 2015.

(5) Adjustments related to 1) improper accounting for shrinkage, deferred crop costs, lower of cost or market valuations and accurate inventory, and 2) costs of goods and services sold associated with improper revenue recognition.

(6) Adjustments related to improper revenue recognition.

(7) Adjustments for the previously identified immaterial accounting errors, primarily impacting inventories, costs of goods and services sold, income tax expense, and interest expense.

ITEM 6. SELECTED FINANCIAL DATA (AS RESTATED) (continued)

FIVE YEAR FINANCIAL STATISTICS (continued)

Alliance One International, Inc. and Subsidiaries

(in thousands, except per share amount, ratio and number of stockholders)	2014 As Previously Reported	Inventory Adjustments	(6) Receivables Adjustments (7)	Other Adjustments (8)	As Restated
Summary of Operations					
Sales and other operating revenues	\$2,354,956	\$ —	\$ (344	) \$ (76	) \$2,354,536
Restructuring and asset impairment charges (recoveries)	5,111	—	—	—	5,111
Operating income	119,059	(10,567	) (344	) (1,929	) 106,219
Debt retirement expense (income) (1)	57,449	—	—	—	57,449
Net income (loss)	(87,002	) (11,006	) (358	) (3,038	) (101,404)
Net income (loss) attributable to Alliance One International, Inc.	(86,659	) (11,006	) (358	) (3,038	) (101,061)
Earnings Per Share Attributable to Alliance One International, Inc.: (5)					
Basic earnings (loss) per share	\$(9.88	) \$ (1.25	) \$ (0.04	) \$ (0.35	) \$(11.52)
Diluted earnings (loss) per share (2)	\$(9.88	) \$ (1.25	) \$ (0.04	) \$ (0.35	) \$(11.52)
Cash dividends paid	—	—	—	—	—
Balance Sheet Data					
Working capital	\$819,400	\$ (17,744	) \$ (8,772	) \$ (181	) \$792,703
Total assets	1,775,287	(16,937	) (9,044	) (1,293	) 1,748,013
Long-term debt	900,363	—	—	—	900,363
Stockholders' equity attributable to Alliance One International, Inc.	273,593	(17,744	) (8,772	) (1,775	) 245,302
Other Data					
Ratio of earnings to fixed charges	—	—	—	—	—
Coverage deficiency	\$47,277	\$ 9,834	\$ 320	\$ 2,715	\$60,146
Common shares outstanding at year end (3) (5)	8,816	—	—	—	8,816
Number of stockholders at year end (4)	5,346	—	—	—	5,346

(1) For the year ended March 31, 2014, the Company refinanced its credit facility and long-term debt which resulted in recognition of significant costs to retire existing debt and accelerated recognition of related deferred financing costs and original issue discounts.

(2) For the year ended March 31, 2014 all outstanding restricted shares and shares applicable to stock options and restricted stock units are excluded because their inclusion would have an antidilutive effect on the loss per share. For the year ended March 31, 2014 assumed conversion of convertible notes at the beginning of the period has an antidilutive effect on the loss per share.

(3) Excluding 785 shares owned by a wholly owned subsidiary.

(4) Includes the number of stockholders of record and non-objecting beneficial owners.

(5) Shares and earnings per share are adjusted for a 1-for-10 reverse stock split that was effective June 26, 2015.

(6) Adjustments related to 1) improper accounting for shrinkage, deferred crop costs, lower of cost or market valuations and accurate inventory, and 2) costs of goods and services sold associated with improper revenue recognition.

(7) Adjustments related to improper revenue recognition.

(8) Adjustments for the previously identified immaterial accounting errors, primarily impacting inventories, costs of goods and services sold, income tax expense, and interest expense.

ITEM 6. SELECTED FINANCIAL DATA (AS RESTATED) (continued)

FIVE YEAR FINANCIAL STATISTICS (continued)

Alliance One International, Inc. and Subsidiaries

(in thousands, except per share amount, ratio and number of stockholders)	2013				As Restated
	As Previously Reported	Inventory Adjustments	Receivables Adjustments (5)(6)	Other Adjustments (7)	
Summary of Operations					
Sales and other operating revenues	\$2,243,816	\$ —	\$ (3,279)	\$ 459	\$2,240,996
Restructuring and asset impairment charges (recoveries)	(55)	—	—	—	(55)
Operating income	160,272	4,230	(3,279)	978	162,201
Debt retirement expense (income) (1)	1,195	—	—	—	1,195
Net income (loss)	24,712	3,863	(2,994)	(969)	24,612
Net income (loss) attributable to Alliance One International, Inc.	24,013	3,863	(2,994)	(969)	23,913
Earnings Per Share Attributable to Alliance One International, Inc.: (4)					
Basic earnings (loss) per share	\$2.75	\$ 0.44	\$ (0.34)	\$ (0.11)	\$2.74
Diluted earnings (loss) per share	\$2.54	\$ 0.35	\$ (0.27)	\$ (0.09)	\$2.53
Cash dividends paid	—	—	—	—	—
Balance Sheet Data					
Working capital	\$843,803	\$ (6,738)	\$ (8,414)	\$ 1,241	\$829,892
Total assets	1,911,579	(6,370)	(8,687)	(1,149)	1,895,373
Long-term debt	830,870	—	—	—	830,870
Stockholders' equity attributable to Alliance One International, Inc.	338,393	(6,738)	(8,414)	1,263	324,504
Other Data					
Ratio of earnings to fixed charges	1.43	—	—	0.01	1.44
Coverage deficiency	n/a	—	—	—	n/a
Common shares outstanding at year end (2) (4)	8,764	—	—	—	8,764
Number of stockholders at year end (3)	5,582	—	—	—	5,582

(1) For the year ended March 31, 2013, the Company terminated a long-term foreign seasonal borrowing which resulted in accelerated recognition of related deferred financing costs.

(2) Excluding 785 shares owned by a wholly owned subsidiary.

(3) Includes the number of stockholders of record and non-objecting beneficial owners.

(4) Shares and earnings per share are adjusted for a 1-for-10 reverse stock split that was effective June 26, 2015.

(5) Adjustments related to 1) improper accounting for shrinkage, deferred crop costs, lower of cost or market valuations and accurate inventory, and 2) costs of goods and services sold associated with improper revenue recognition.

(6) Adjustments for the related to improper revenue recognition.

(7) Adjustments for the previously identified immaterial accounting errors, primarily impacting inventories, costs of goods and services sold, income tax expense, and interest expense.

ITEM 6. SELECTED FINANCIAL DATA (AS RESTATED) (continued)

FIVE YEAR FINANCIAL STATISTICS (continued)

Alliance One International, Inc. and Subsidiaries

(in thousands, except per share amount, ratio and number of stockholders)	2012				As Restated/Unaudited
	As Previously Reported	Inventory Adjustments	Receivables Adjustments (4)(5)	Other Adjustments (6)	
Summary of Operations					
Sales and other operating revenues	\$2,150,767	\$ —	\$ (662)	) \$ (637)	) \$ 2,149,468
Restructuring and asset impairment charges (recoveries)	1,006	—	—	—	1,006
Operating income	154,813	(4,652)	) (662)	) 137	149,636
Debt retirement expense (income)	—	—	—	—	—
Net income (loss)	29,191	(4,195)	) (509)	) 421	24,908
Net income (loss) attributable to Alliance One International, Inc.	29,451	(4,195)	) (509)	) 421	25,168
Earnings Per Share Attributable to Alliance One International, Inc.: (3)					
Basic earnings (loss) per share	\$3.38	\$ (0.48)	) \$ (0.06)	) \$ 0.05	\$ 2.89
Diluted earnings (loss) per share	\$3.05	\$ (0.43)	) \$ (0.05)	) \$ 0.04	\$ 2.61
Cash dividends paid	—	—	—	—	—
Balance Sheet Data					
Working capital	\$828,681	\$ (10,601)	) \$ (5,420)	) \$ 370	\$ 813,030
Total assets	1,949,845	(10,601)	) (5,576)	) 199	1,933,867
Long-term debt	821,453	—	—	—	821,453
Stockholders' equity attributable to Alliance One International, Inc.	327,482	(10,601)	) (5,420)	) 2,457	313,918
Other Data					
Ratio of earnings to fixed charges	1.49	(0.04)	) (0.02)	) 0.01	1.44
Coverage deficiency	n/a	—	—	—	n/a
Common shares outstanding at year end (1) (3)	8,738	—	—	—	8,738
Number of stockholders at year end (2)	6,380	—	—	—	6,380

(1) Excluding 785 shares owned by a wholly owned subsidiary.

(2) Includes the number of stockholders of record and non-objecting beneficial owners.

(3) Shares and earnings per share are adjusted for a 1-for-10 reverse stock split that was effective June 26, 2015.

(4) Adjustments related to 1) improper accounting for shrinkage, deferred crop costs, lower of cost or market valuations and accurate inventory, and 2) costs of goods and services sold associated with improper revenue recognition.

(5) Adjustments related to improper revenue recognition.

(6) Adjustments for the previously identified immaterial accounting errors, primarily impacting inventories, costs of goods and services sold, income tax expense, and interest expense.

ITEM 6. SELECTED FINANCIAL DATA (AS RESTATED) (continued)

FIVE YEAR FINANCIAL STATISTICS (continued)

Alliance One International, Inc. and Subsidiaries

(in thousands, except per share amount, ratio and number of stockholders)	2011				As Restated/Unaudited
	As Previously Reported	Inventory Adjustments (3)	Receivables Adjustments (4)	Other Adjustments (5)	
Balance Sheet Data					
Working capital	\$846,860	\$(6,406)	\$(4,911)	\$476	\$836,019
Total assets	1,808,330	(5,948)	(4,759)	(1,810)	1,795,813
Long-term debt	884,371	—	—	—	884,371
Stockholders' equity attributable to Alliance One International, Inc.	312,813	(6,406)	(4,911)	2,037	303,533
Other Data					
Common shares outstanding at year end (1)	8,709	—	—	—	8,709
Number of stockholders at year end (2)	8,849	—	—	—	8,849

(1) Excluding 785 shares owned by a wholly owned subsidiary.

(2) Includes the number of stockholders of record and non-objecting beneficial owners.

(3) Adjustments related to 1) improper accounting for shrinkage, deferred crop costs, lower of cost or market valuations and accurate inventory, and 2) costs of goods and services sold associated with improper revenue recognition.

(4) Adjustments related to improper revenue recognition.

(5) Adjustments for the previously identified immaterial accounting errors, primarily impacting inventories, costs of goods and services sold, income tax expense, and interest expense.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (AS RESTATED)

The following discussions should be read in conjunction with the other sections of this report, including the consolidated financial statements and related notes contained in Item 8 of this Form 10-K/A:

RESTATEMENT

As discussed in the Explanatory Note in this Form 10-K/A and in Note 1A of the Notes to Consolidated Financial Statements included in Part II. Item 8 of this Form 10-K/A, we are restating our consolidated financial statements and related disclosures for the years ended March 31, 2015, 2014 and 2013. The following discussion and analysis of our financial condition and results of operations incorporates the restated amounts. In addition, the Company's management ceased evaluating performance of its value added services as a separate operating segment on April 1, 2015. The Company's cut rag and other specialty products and services are now combined within the geographic operating segments in which they operate. In reviewing its operating segments, based on changes in its business, the Company has now concluded that the economic characteristics of North America are dissimilar from the other operating segments. As a result, the Company is disclosing North America separately and has aggregated the remaining four operating segments, Africa, Asia, Europe and South America into one reportable segment "Other Regions" in this Form 10-K/A. In addition, after the close of business on June 26, 2015, the Company effected a one-for-ten reverse split of its common stock. Shares and per share amounts have been adjusted for this reverse split. For these reasons, the data set forth in this Item 7 may not be comparable to the discussion and data in our previously filed Annual Report on Form 10-K for the year ended March 31, 2015.

Executive Overview

The following executive overview is intended to provide significant highlights of the discussion and analysis that follows.

Financial Results

Fiscal year 2015 volume and sales were impacted by global oversupply as a result of customers that modified inventory positions due to reduced consumer demand in some markets over the last 36 months, as well as the deconsolidation of a former Brazilian subsidiary in March 2014. However, primarily as a result of product mix, exchange rate movement and the non-recurrence of Zambia losses in the prior year, gross profit improved 7.1% and our gross profit as a percentage of sales improved from 9.6% to 11.7%. SG&A increased 2.2% as increased reserves for customer receivables were substantially offset by lower compensation costs, professional fees and amortization related to internally developed software. Other income decreased mainly due to the prior year gain of \$20.9 million from the sale of a 51% interest in a Brazilian subsidiary to complete the formation of a new joint venture. Restructuring and asset impairment charges in the current year are primarily related to employee severance costs in connection with our restructuring and cost reduction plan announced during the quarter ended March 31, 2015. Although operating income decreased by 7.7% from the prior year mainly driven by the non-recurrence of the Brazilian other income gain last year, our pretax income improved 86.4% from \$(61.0) million to \$(8.3) million and was impacted by the non-recurrence of debt retirement costs associated with our refinancing last year.

Liquidity

Our liquidity requirements are affected by various factors including crop seasonality, foreign currency and interest rates, green tobacco prices, customer mix, crop size and quality. We monitor and adjust funding sources based on a number of industry, business, and financial market dynamics. We utilize surplus cash to reduce long-term debt and during the year purchased and canceled \$15.0 million of our 9.875% Senior Secured Second Lien Notes, leaving \$720.0 million of face value outstanding at year end. Our goal as we move forward is to reduce the amount of this debt by continuing to utilize surplus cash. Additionally, our liquidity position at March 31, 2015 remained strong and in line with our internal expectations at \$813.2 million, comprised of \$143.9 million of cash and \$669.4 million of available credit, with \$10.9 exclusively for letters of credit. We will continue to monitor the capital markets and utilize

various short-term funding sources to enhance and drive various business opportunities that maintain flexibility and meet cost expectations.

Outlook

Planned global crop production is beginning to decrease in line with world-wide demand. It will likely take another crop cycle to achieve equilibrium or potentially undersupply in certain qualities, although the market has already begun to tighten in some origins. We will continue to monitor our customers' requirements, as we further strengthen our operations, improve our global footprint and move further up the supply chain to meet our customers' evolving sourcing parameters and simplification strategies. Partial vertical integration strategies by some manufactures are beginning to reverse as the efficiency benefits and costs savings of further leveraging compliant leaf merchants' capabilities are presenting opportunities for growth. We will continue to focus on enhancing best agricultural practices globally and improving sustainability programs essential to our Company and customers.

Phase one of our restructuring and efficiency improvement program that commenced implementation in March 2015 is on track to deliver \$30.0 million to \$35.0 million of anticipated recurring annualized savings with approximately 75.0% to 80.0% of the actions targeted enacted by the end of September 2015. In addition to reducing our cost structure, we plan to further optimize our global footprint including rationalizing certain markets that are neither meeting internal performance expectations nor part of our customers' future planning, while improving core markets where we have invested. We believe growth opportunities exist, and we are taking the steps required to strengthen our position as a preferred supplier to the world's manufacturers. Execution on plans to address challenges and customer requirements are anticipated to improve shareholder value.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (AS RESTATED) (continued)

Results of Operations (As Restated)

Condensed Consolidated Statements of Operations and Supplemental Information (As Restated)

(in millions, except per kilo amounts)	Twelve Months Ended March 31,				Change		2013
	2015	\$	%	2014	\$	%	
Kilos sold	378.4	(46.4)	(10.9)	424.8	0.6	0.1	424.2
Tobacco sales and other operating revenues:							
Sales and other operating revenues	\$1,948.5	\$(320.1)	(14.1)	\$2,268.6	\$122.7	5.7	\$2,145.9
Average price per kilo	5.15	(0.19)	(3.6)	5.34	0.28	5.5	5.06
Processing and other revenues	118.4	32.5	37.8	85.9	(9.2)	(9.7)	95.1
Total sales and other operating revenues	2,066.9	(287.6)	(12.2)	2,354.5	113.5	5.1	2,241.0
Tobacco cost of goods sold:							
Tobacco costs	1,673.6	(298.8)	(15.1)	1,972.4	156.3	8.6	1,816.1
Transportation, storage and other period costs	79.0	(16.1)	(16.9)	95.1	24.5	34.7	70.6
Derivative financial instrument and exchange (gains) losses	(0.5)	(8.6)	(106.2)	8.1	(2.9)	(26.4)	11.0
Total tobacco cost of goods sold	1,752.1	(323.5)	(15.6)	2,075.6	177.9	9.4	1,897.7
Average cost per kilo	4.63	(0.26)	(5.3)	4.89	0.42	9.4	4.47
Processing and other revenues cost of services sold	72.1	19.9	38.1	52.2	(3.9)	(7.0)	56.1
Total cost of goods and services sold	1,824.2	(303.6)	(14.3)	2,127.8	174.0	8.9	1,953.8
Gross profit	242.7	16.0	7.1	226.7	(60.5)	(21.1)	287.2
Selling, general, and administrative expenses	137.0	2.9	2.2	134.1	(11.7)	(8.0)	145.8
Other income	1.4	(17.3)	(92.5)	18.7	(2.0)	(9.7)	20.7
Restructuring and asset impairment charges (recoveries)	9.1	4.0	78.4	5.1	5.2	5,200.0	(0.1)
Operating income	98.0	(8.2)	(7.7)	106.2	(56.0)	(34.5)	162.2
Debt retirement expense (income)	(0.8)	(58.2)	(101.4)	57.4	56.2	4,683.3	1.2
Interest expense	113.3	(3.5)	(3.0)	116.8	2.3	2.0	114.5
Interest income	6.3	(0.8)	(11.3)	7.1	0.6	9.2	6.5
Income tax expense	20.9	(19.6)	(48.4)	40.5	10.5	35.0	30.0
Equity in net income of investee companies	2.8	2.7	2,700.0	0.1	(1.5)	(93.8)	1.6
Income (loss) attributable to noncontrolling interests	(0.2)	0.1	33.3	(0.3)	(1.0)	(142.9)	0.7
Income (loss) attributable to Alliance One International, Inc.	\$(26.1)	\$75.0	*74.2	\$(101.1)	*\$(125.0)	*(523.0)	\$23.9

*Amounts do not equal column totals due to rounding.

Summary. Total sales and other operating revenues decreased 12.2% to \$2,066.9 million primarily due to a 10.9% decrease in volumes and a 3.6% decrease in average sales price. Processing revenues and cost of services increases were primarily due to processing for our former Brazilian subsidiary that is now deconsolidated following the completion of a joint venture in March 2014 and increased customer requirements due to a larger U.S. flue cured crop this year. Reduced volumes were primarily from Brazil due to the deconsolidation of the former Brazilian subsidiary as well as the impact of an oversupply of tobacco in the global market. Lower average sales prices and average tobacco costs on a per kilo basis were primarily the result of product mix, lower prices paid to tobacco suppliers across most regions in response to the oversupply market and exchange rate movement. Average tobacco costs per kilo were further decreased due to lower period costs primarily from the non-recurrence of prior year losses in Zambia related to reduced recoveries from tobacco suppliers. The decreases in tobacco costs more than offset the decreases in tobacco revenues and gross margin increased 7.1% to \$242.7 million. Although volumes decreased this year, the impact of product mix, higher green costs not fully recovered from customers in the prior year, the non-recurrence of Zambia losses and improvement in currency movements, our gross margin as a percentage of sales improved from 9.6% to 11.7%. SG&A increased primarily from increased reserves for customer receivables that were substantially offset by lower compensation costs, professional fees and

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (AS RESTATED) (continued)

Results of Operations (As Restated) (continued)

Comparison of the Year Ended March 31, 2015 to the Year Ended March 31, 2014 (continued)

amortization related to internally developed software. Other income decreased primarily due to the prior year gain of \$20.4 million from the sale of 51% interest in a Brazilian subsidiary to complete the formation of a new joint venture. Restructuring and asset impairment charges in the current year are primarily related to employee severance costs in connection with our restructuring and cost reduction plan announced during the quarter ended March 31, 2015. The prior year included restructuring and asset impairment charges primarily attributable to our agreement for a joint processing venture in Turkey and equipment charges in Africa. Primarily due to the non-recurrence of the prior year Brazil other income gain, operating income decreased 7.7% compared with the prior year.

In the prior year, we refinanced our 10% senior notes and purchased \$60.0 million of our convertible notes. As a result, one-time debt retirement costs of \$57.4 million were recorded including \$21.3 million of accelerated amortization of debt issuance costs and recognition of original issue discount related to the 10% senior notes. Our interest costs decreased from the prior year related primarily due to lower amortization of debt costs and average borrowings partially offset by higher average rates. Our effective tax rate was (252.4)% this year compared to (66.4)% last year. The variance in the effective tax rate between this year and last year is mainly related to differences in forecasted income for the respective years, differences in year-to-date income; certain losses for which no tax benefit is recorded; and, differences between discrete items recognized that include changes in valuation allowances, net exchanges losses on income tax accounts and net exchange gains related to liabilities for unrecognized tax benefits.

North America Region

North America Region Supplemental Information

(in millions, except per kilo amounts)	Twelve Months Ended March 31,			
	2015	Change		2014
	\$	%		
Kilos sold	53.6	(10.6)	(16.5)	64.2
Tobacco sales and other operating revenues:				
Sales and other operating revenues	\$363.3	\$(71.2)	(16.4)	\$434.5
Average price per kilo	6.78	0.01	0.1	6.77
Processing and other revenues	77.7	13.8	21.6	63.9
Total sales and other operating revenues	441.0	(57.4)	(11.5)	498.4
Tobacco cost of goods sold				
Tobacco costs	316.2	(69.6)	(18.0)	385.8
Transportation, storage and other period costs	11.0	0.4	3.8	10.6
Derivative financial instrument and exchange (gains) losses	(2.3)	(1.4)	(155.6)	(0.9)
Total tobacco cost of goods sold	324.9	(70.6)	(17.9)	395.5
Average cost per kilo	6.06	(0.10)	(1.6)	6.16
Processing and other revenues costs of services sold	45.5	4.8	11.8	40.7
Total cost of goods and services sold	370.4	(65.8)	(15.1)	436.2
Gross profit	70.6	8.4	13.5	62.2
Selling, general and administrative expenses	29.9	(0.5)	(1.6)	30.4
Other income	0.2	0.2	100.0	—
Restructuring and asset impairment charges	0.5	0.5	100.0	—
Operating income	\$40.4	\$8.6	27.0	\$31.8

Total sales and other operating revenues as well as total cost of goods and services sold decreased due to a 16.5% decrease in volumes primarily the result of an oversupply of tobacco in the global market and the timing of shipments. Average sales prices were consistent with the prior year while average cost of tobacco on a per kilo basis decreased as a result of a larger U.S. crop this year. Processing revenues and cost of services increases were due to increased customer volumes also related to a larger U.S. crop this year. Although tobacco volumes were lower, the increased throughput resulted in a 13.5% increase in gross margin and gross margin as a percentage of sales improved from 12.5% in the prior year to 16.0% in the current year. Reductions in SG&A were attributable to lower compensation costs. With the construction of a new U.S. cut rag facility with state of the art machinery and equipment, an asset impairment charge of \$0.5 million was taken during the current year related to machinery and equipment at the previous facility. Operating income improved 27.0% from the prior year as a result of the impact of the change in results for the region.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (AS RESTATED) (continued)

Results of Operations (As Restated) (continued)

Comparison of the Year Ended March 31, 2015 to the Year Ended March 31, 2014 (continued)

Other Regions

Other Regions Supplemental Information

(in millions, except per kilo amounts)	Twelve Months Ended March 31,			
	2015	Change		2014
	\$	%		
Kilos sold	324.8	(35.8)	(9.9)	360.6
Tobacco sales and other operating revenues:				
Sales and other operating revenues	\$1,585.2	\$(248.9)	(13.6)	\$1,834.1
Average price per kilo	4.88	(0.21)	(4.1)	5.09
Processing and other revenues	40.7	18.7	85.0	22.0
Total sales and other operating revenues	1,625.9	(230.2)	(12.4)	1,856.1
Tobacco cost of goods sold				
Tobacco costs	1,357.4	(229.2)	(14.4)	1,586.6
Transportation, storage and other period costs	68.0	(16.5)	(19.5)	84.5
Derivative financial instrument and exchange losses	1.8	(7.2)	(80.0)	9.0
Total tobacco cost of goods sold	1,427.2	(252.9)	(15.1)	1,680.1
Average cost per kilo	4.39	(0.27)	(5.8)	4.66
Processing and other revenues costs of services sold	26.6	15.1	131.3	11.5
Total cost of goods and services sold	1,453.8	(237.8)	(14.1)	1,691.6
Gross profit	172.1	7.6	4.6	164.5
Selling, general and administrative expenses	107.1	3.4	3.3	103.7
Other income (expense)	1.2	(17.5)	(93.6)	18.7
Restructuring and asset impairment charges	8.6	3.5	68.6	5.1
Operating income	\$57.6	\$(16.8)	(22.6)	\$74.4

Total sales and other operating revenues and total cost of goods and services sold decreased primarily due to a 9.9% decrease in volumes after the deconsolidation of a Brazilian subsidiary following completion of a joint venture in March 2014. Lower average sales prices and costs on a per kilo basis are primarily due to product mix, lower prices paid to tobacco suppliers as well as the oversupply of tobacco in the global market. Lower tobacco revenues and costs were partially offset by opportunistic sales of Asian tobacco. Currency movements in Euro-denominated sales and costs also lowered average sales prices and tobacco costs on a per kilo basis. Average tobacco costs per kilo were further reduced by the non-recurrence of the prior year charge for lower recoveries from Zambian tobacco suppliers of approximately \$11.0 million. The decrease in tobacco costs more than offset the decrease in revenues. Processing and other revenue and cost increases this year were the result of processing for the former Brazilian subsidiary that is now deconsolidated and the delay in delivery of the current crop. As a result, gross margin increased 4.6% to \$172.1 million and gross margin as a percentage of sales increased from 8.9% to 10.6%. Increases in SG&A are associated with increased reserves for customer receivables which were partially offset by lower compensation costs, professional fees and amortization related to internally developed software. Other income decreased primarily due to the prior year gain of \$20.9 million from the sale of 51% interest in a Brazilian subsidiary to complete the formation of a new joint venture. Restructuring and asset impairment charges in the current year are employee severance costs as part of our restructuring and cost reduction plan announced during the quarter ended March 31, 2015. The prior year

restructuring and asset impairment charges were related to a joint processing venture in Turkey and equipment charges in Africa. As a result of the decrease in other income in Brazil, operating income decreased 22.6% to \$57.6 million this year.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (AS RESTATED) (continued)

Results of Operations (As Restated) (continued)

Comparison of the Year Ended March 31, 2014 to the Year Ended March 31, 2013

Summary. Total sales and other operating revenues increased 5.1% to \$2,354.5 million due to increased tobacco sales revenue. Tobacco sales revenue and tobacco cost increases were mainly the result of larger crop sizes, higher prices and shipments delayed from the prior fiscal year. Volumes improved slightly with increased volumes of South America byproducts and larger crop sizes in Africa offset by the change in sales from our investee operation in Thailand and the timing of Asian shipments. Increased average sales prices primarily resulted from higher green costs across all regions partially offset by the change in product mix. Increased average costs per kilo mainly resulted from higher green costs which were not fully passed on to our customers, losses on sales of Kenya tobacco and losses in Zambia primarily related to lower recoveries of advances to tobacco suppliers. Reduced customer volumes in Brazil, the delay in the purchasing and processing of the current Brazil crop and smaller weather-related crop sizes in the United States led to lower processing revenues and cost of services. The impact of higher green costs not fully recovered from customers, losses in Kenya and the losses in Zambia was a 21.1% decrease in gross margin to \$226.7 million and a reduction in our gross margin as a percentage of sales from 12.8% to 9.6%. SG&A improvement, primarily from lower incentive compensation, professional fees and amortization related to internally developed software, was offset mainly by increased restructuring and asset impairment charges primarily attributable to our agreement for a joint processing venture in Turkey and reductions in other income from Brazil. Mainly as a result of gross margin decreases, operating income decreased 34.5% to \$106.2 million when compared with the prior year.

During 2014, we refinanced our 10% senior notes and purchased \$113.9 million of our convertible notes. As a result, one-time debt retirement costs of \$57.4 million were recorded including \$21.3 million of accelerated amortization of debt issuance costs and recognition of original issue discount related to the 10% senior notes. Our interest costs increased from the prior year related primarily due to higher average borrowings and our effective tax rate was (66.4)% this year compared to 56.7% last year. The variance in the effective tax rate between this year and last year is mainly related to differences in forecasted income for the respective years, differences in year-to-date income; certain losses for which no tax benefit is recorded; and, differences between discrete items recognized that include changes in valuation allowances, net exchanges losses on income tax accounts and net exchange gains related to liabilities for unrecognized tax benefits.

North America Region

North America Region Supplemental Information

(in millions, except per kilo amounts)	Twelve Months Ended March 31,			
	2014	Change		2013
	\$	%		
Kilos sold	64.2	1.2	1.9	63.0
Tobacco sales and other operating revenues:				
Sales and other operating revenues	\$434.5	\$22.1	5.4	\$412.4
Average price per kilo	6.77	0.22	3.4	6.55
Processing and other revenues	63.9	(3.8)	(5.6)	67.7
Total sales and other operating revenues	498.4	18.3	3.8	480.1
Tobacco cost of goods sold				
Tobacco costs	385.8	27.4	7.6	358.4
Transportation, storage and other period costs	10.6	(0.8)	(7.0)	11.4
Derivative financial instrument and exchange (gains) losses	(0.9)	(0.5)	(125.0)	(0.4)

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Total tobacco cost of goods sold	395.5	26.1	7.1	369.4
Average cost per kilo	6.16	0.30	5.1	5.86
Processing and other revenues costs of services sold	40.7	(1.4)	(3.3)	42.1
Total cost of goods and services sold	436.2	24.7	6.0	411.5
Gross profit	62.2	(6.4)	(9.3)	68.6
Selling, general and administrative expenses	30.4	0.8	2.7	29.6
Other income	—	(0.4)	(100.0)	0.4
Restructuring and asset impairment charges	—	—	—	—
Operating income	\$31.8	\$(7.6)	(19.3)	\$39.4

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (AS RESTATED) (continued)

Results of Operations (As Restated) (continued)

Comparison of the Year Ended March 31, 2014 to the Year Ended March 31, 2013 (continued)

North America Region (continued)

Total sales and other operating revenues improved 3.8% to \$498.4 million due to increased tobacco sales revenue partially offset by lower processing revenues due to reduced customer volumes resulting from smaller U.S. crop sizes due to excessive rainfall. Tobacco sales revenues and tobacco costs increased primarily due to a 1.9% increase in volumes as a result of the timing of shipments. Average sales prices and tobacco costs on a per kilo basis increased primarily due to product mix. The smaller U.S. crop size this year also increased tobacco costs on a per kilo basis due to lower throughput in the factories. As a result, cost per kilo increases exceeded sales price increases. As a result, our gross margin decreased 9.3% to \$62.2 million and our gross margin as a percentage of sales decreased from 14.3% to 12.5%. SG&A remained consistent with the prior year. The impact of the change in results for the region was a 19.3% decrease in operating income to \$31.8 million.

Other Regions

Other Regions Supplemental Information

(in millions, except per kilo amounts)	Twelve Months Ended March 31,			
	2014	Change		2013
	\$	%		
Kilos sold	360.6	(0.6)	(0.2)	361.2
Tobacco sales and other operating revenues:				
Sales and other operating revenues	\$1,834.1	\$100.6	5.8	\$1,733.5
Average price per kilo	5.09	0.29	6.0	4.80
Processing and other revenues	22.0	(5.4)	(19.7)	27.4
Total sales and other operating revenues	1,856.1	95.2	5.4	1,760.9
Tobacco cost of goods sold				
Tobacco costs	1,586.6	128.9	8.8	1,457.7
Transportation, storage and other period costs	84.5	25.3	42.7	59.2
Derivative financial instrument and exchange losses	9.0	(2.4)	(21.1)	11.4
Total tobacco cost of goods sold	1,680.1	151.8	9.9	1,528.3
Average cost per kilo	4.66	0.43	10.2	4.23
Processing and other revenues costs of services sold	11.5	(2.5)	(17.9)	14.0
Total cost of goods and services sold	1,691.6	149.3	9.7	1,542.3
Gross profit	164.5	(54.1)	(24.7)	218.6
Selling, general and administrative expenses	103.7	(12.5)	(10.8)	116.2
Other expense	18.7	(1.6)	(7.9)	20.3
Restructuring and asset impairment charges	5.1	5.2	5,200.0	(0.1)
Operating income	\$74.4	\$(48.4)	(39.4)	\$122.8

Total sales and other operating revenues improved 5.4% to \$1,856.1 million due to increased tobacco sales revenue. Processing revenues and cost of services decreased due to reduced customer volumes and the delay in the purchasing of the current crop in Brazil. Tobacco sales revenue and cost increases were mainly from increased sales of byproducts in South America, larger crop sizes in Africa, higher prices across all regions which were not fully passed

on to our customers and product mix. Consistent volumes resulted from the change in sales from our investee operation in Thailand partially offset by increased volumes of South America byproducts and the larger crop sizes in Malawi. While there is no impact to net income for the change of the selling organization, Thailand tobacco is now sold directly to the customer by our investee operation and reported through equity in investee companies rather than through sales and cost of sales. Higher prices were paid to tobacco suppliers across all regions which increased average sales prices and costs per kilo. Costs per kilo also increased due to additional period costs of \$17.8 million for losses on sales of Kenya tobacco as well as \$11.0 million expensed in Zambia in the current year primarily related to reduced recoveries of advances to tobacco suppliers. The negative impact of appreciating African currencies compared to significant depreciation throughout fiscal 2013, partially offset by a stronger Euro, also contributed to the increase in costs per kilo. These costs are not fully recoverable from customers. The impact was average costs increasing \$.43 per kilo while average

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (AS RESTATED) (continued)

Results of Operations (As Restated) (continued)

Comparison of the Year Ended March 31, 2014 to the Year Ended March 31, 2013 (continued)

Other Regions (continued)

sales prices only increasing \$.29 per kilo which resulted in a gross margin decrease of 24.7% to \$164.5 million and gross margin as a percentage of sales declining from 12.4% to 8.9%. Decreases in SG&A were associated with reductions in professional fees and amortization related to internally developed software. In 2014, other income included a gain of \$20.9 million from the sale of 51% interest in a Brazilian subsidiary to complete the formation of a new joint venture. In 2013, other income included a gain of \$24.1 million for a Brazilian excise tax based on a court ruling on March 7, 2013. Restructuring and asset impairment charges in the current year related to a joint processing venture in Turkey and equipment charges in Africa. Mainly a result of lower gross margin, operating income decreased 39.4% to \$74.4 million compared to last year.

Liquidity and Capital Resources (As Restated)

Overview

Historically we have needed capital in excess of cash flow from operations to finance accounts receivable, inventory and advances to suppliers for tobacco crops in certain foreign countries. Purchasing, processing and selling activities of our business are seasonal and our need for capital fluctuates with corresponding peaks where outstanding indebtedness may be greater or less as a result. Our long-term borrowings consist of senior secured second lien notes and a senior secured revolving credit facility. We also have a combination of short-term and long term seasonal lines of credit available with a number of banks throughout the world that finances seasonal working capital and corresponds to regional peak requirements.

At March 31, 2015, we had \$143.8 million in cash on our balance sheet, \$210.3 million available under the senior secured revolving credit facility, \$360.3 million outstanding under short-term and long term foreign lines with an additional \$448.3 million available under those lines and \$4.1 million outstanding of other debt for a total of \$802.4 million of debt availability and cash on hand around the world, excluding \$6.3 million in issued but unfunded letters of credit with \$10.9 million available. Another source of liquidity as of March 31, 2015 was \$223.4 million funded under our accounts receivable sale programs. Additionally, customer advances were \$18.9 million in 2015 compared to \$22.1 million in 2014. To the extent that these customers do not provide this advance funding, we must provide financing for their inventories. Should customers pre-finance less in the future for committed inventories, this action could impact our short-term liquidity. We believe that the sources of capital we have access to are sufficient to fund our anticipated needs for fiscal year 2016. Effective March 31, 2015, we did not meet the fixed charge coverage ratio of 2.0 to 1.0 required under the indenture governing our senior secured second lien notes to permit us to access the restricted payments basket for the purchase of common stock and other actions under that basket. From time to time we may not satisfy the required ratio. See Note 7 "Short-term Borrowing Arrangements" and Note 17 "Sale of Receivables" to the "Notes to Consolidated Financial Statements" for further information. Note that in March 2016, Moody's Investors Service downgraded the Corporate Family Rating of the Company to Caa2 from Caa1. Moody's also downgraded the Probability of Default Rating to Caa2-PD from Caa1-PD, and the senior secured second lien note rating to Caa3 with a Loss Given Default ("LGD") of 5 from Caa2 and a LGD of 5. At the same time Moody's affirmed the Company's senior secured bank credit facility rating at B1 with a LGD of 1 and the Speculative Grade Liquidity Rating at SGL-4. Standard & Poor's ("S&P") ratings are Corporate Credit Rating CCC+, senior secured second lien note

rating CCC with a recovery rating (“RR”) of 5 and a senior secured debt rating of B with a RR of 1. Both Moody’s and S&P have outlook negative. However, we affirm our belief that the sources of capital we have access to are sufficient to fund our anticipated needs for fiscal years 2016 and 2017. As of March 31, 2016, available credit lines and cash were \$604.5 million, comprised of \$189.2 million in cash; \$415.3 million of credit lines, of which \$10.3 million was available under the U.S. revolving credit facility; and \$405.0 million of foreign seasonal credit lines with \$13.1 million exclusively for letters of credit. Notes payable to banks are typically for 180 to 270 days and are entered into each year in various locales around the world. Our U.S revolver matures April 15, 2017 and we plan to either extend or refinance this facility during fiscal year 2017. Our access to capital meets our current expectations and outlook that is anticipated to provide sufficient liquidity to fulfill our future funding requirements. General deterioration of our business and the cash flow that it generates, failure to renew foreign lines or an inability to extend or refinance our U.S. revolver could impact our ability to meet our future liquidity requirements.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (AS RESTATED) (continued)

Liquidity and Capital Resources (As Restated) (continued)

Seasonal liquidity beyond cash flow from operations is provided by our senior secured credit facility, seasonal working capital lines throughout the world, advances from customers and sale of accounts receivable. For the years ended March 31, 2015 and 2014, our average short-term borrowings, aggregated peak short-term borrowings outstanding and weighted-average interest rate on short-term borrowings were as follows:

(dollars in millions)	2015	2014
Average short-term borrowings	\$454.8	\$517.0
Aggregated peak short-term borrowings outstanding	\$662.5	\$736.7
Weighted-average interest rate on short-term borrowings	5.12	%4.33 %

Aggregated peak borrowings for 2015 were during the third quarter of 2015 compared to during the second quarter for 2014. The peak borrowings occurred in the third quarter of 2015 due to the timing of repayments in the Africa region as compared to 2014. Peak borrowings for 2015 and 2014 were repaid with cash provided by operating activities. As of March 31, 2015, we are in our working capital build. In South America we are in the process of purchasing and processing the most recent crop, while the peak tobacco sales season for South America is at its beginning stages. Africa is also in the middle of its buying, processing and selling season and is utilizing working capital funding as well. North America and Europe are still selling and planning for the next crop that is now being grown.

Working Capital (As Restated)

Our working capital decreased to \$632.7 million at March 31, 2015 from \$792.7 million at March 31, 2014. Our current ratio was 2.1 to 1 at March 31, 2015 compared to 2.6 to 1 at March 31, 2014. The decrease in working capital is primarily related to higher notes payable due to the timing of repayment of loans and lower cash balances. Lower cash balances are due to the timing of sales and collection of accounts receivable as well as the timing of payments for expenses and accounts payable in accordance with terms.

The following table is a summary of items from the Consolidated Balance Sheets and Consolidated Statements of Cash Flows. Approximately \$66.0 million of our outstanding cash balance at March 31, 2015 was held in foreign jurisdictions. If these funds in foreign jurisdictions were repatriated, due to the valuation allowance on U.S. tax loss carryovers and foreign tax credit carryovers, the cost of repatriation would not have a material financial impact.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (AS RESTATED) (continued)

Liquidity and Capital Resources (As Restated) (continued)

(in millions except for current ratio)	As of March 31,			Change			2013
	2015	\$	%	2014	\$	%	
Cash and cash equivalents	\$143.8	\$(91.0)	(38.8)	\$234.8	\$142.8	155.2	\$92.0
Net trade receivables	193.4	26.9	16.2	166.5	(49.0)	(22.7)	215.5
Inventories and advances to tobacco suppliers	778.7	(13.7)	(1.7)	792.4	(214.2)	(21.3)	1,006.6
Total current assets	1,217.1	(76.0)	(5.9)	1,293.1	(155.5)	(10.7)	1,448.6
Notes payable to banks	330.3	117.6	55.3	212.7	(144.1)	(40.4)	356.8
Accounts payable	73.3	(41.9)	(36.4)	115.2	(18.9)	(14.1)	134.1
Advances from customers	18.9	(3.2)	(14.5)	22.1	5.3	31.5	16.8
Total current liabilities	584.4	84.0	16.8	500.4	(118.3)	(19.1)	618.7
Current ratio	2.1 to			2.6 to			2.3 to
	1			1			1
Working capital	632.7	(160.0)	(20.2)	792.7	(37.2)	(4.5)	829.9
Total long term debt	738.9	(161.5)	(17.9)	900.4	69.5	8.4	830.9
Stockholders' equity attributable to Alliance One International, Inc.	194.0	(51.3)	(20.9)	245.3	(79.2)	(24.4)	324.5
Net cash provided (used) by:							
Operating activities	\$(55.2)	\$(317.7)		\$262.5	\$264.1		\$(1.6)
Investing activities	(11.7)	8.7		(20.4)	(7.2)		(13.2)
Financing activities	(23.4)	77.1		(100.5)	(86.4)		(14.1)

Operating Cash Flows

Net cash provided by operating activities decreased \$317.7 million in 2015 compared to 2014 which increased \$264.1 million compared to 2013. The decrease in cash provided in 2015 compared to 2014 is primarily due to increased inventory and advances to suppliers due to the impact of an oversupply in the global market, increased accounts receivable due to the timing of sales in the fourth quarter in accordance with terms and decreased accounts payable due to the timing of payments in accordance with terms. The increase in cash provided in 2014 compared to 2013 is primarily related to the decrease in inventory and advances to suppliers as this year's crop which included higher green costs and processing costs was sold. The decrease in inventory and advances to suppliers was partially offset by decreased margins on sales of this year's crop as the higher costs were not fully passed on to our customers. Also increasing cash provided in 2014 was an increase in amounts payable to our Zimbabwe operation due to the timing of purchases from that deconsolidated subsidiary and the change in deferred items.

Investing Cash Flows

Net cash used by investing activities decreased \$8.7 million in 2015 compared to 2014 which increased \$7.2 million compared to 2013. The decrease in cash used in 2015 is primarily due to higher proceeds from the sale of property. Lower purchases of intangible assets in 2015 were offset by lower proceeds from surrender of life insurance policies and net cash received from the sale of 51% interest in a Brazilian subsidiary in 2014, and increased restrictions on cash primarily for social responsibility programs. The increase in cash used in 2014 is primarily related to the change in restrictions on cash in accordance with terms of the related agreements. Partially offsetting the increased cash usage was less purchase of property and intangibles due to the timing of capital asset investments and increased proceeds from the sale of property and surrender of life insurance policies.

Financing Cash Flows

Net cash used by financing activities decreased \$77.1 million in 2015 compared to 2014 which increased \$86.4 million compared to 2013. The decrease in cash used in 2015 compared to 2014 is primarily related to lower debt issuance and debt retirement costs due to the debt refinancing in 2014. Cash used in 2015 also decreased due to higher net proceeds from short term borrowings due to the timing of shipments in the fourth quarter which were substantially offset by lower net proceeds from long-term borrowings due to the debt refinancing in 2014. The increase in cash used in 2014 compared to 2013 is primarily related to increased debt issuance, debt retirement and other debt related costs of \$51.4 million due to our debt refinancing this year. Increases in cash used in 2014 are also attributable to the net change in short-term borrowings based on the timing of shipments in the fourth quarter. Partially offsetting the increase in cash used in 2014 is less repayment of our revolver during the year due to the higher balance outstanding at year end.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (AS RESTATED) (continued)

Liquidity and Capital Resources (As Restated) (continued)

Certain debt agreements contain certain cross-default or cross-acceleration provisions. The following table summarizes our debt financing as of March 31, 2015:

(in millions)	Outstanding		March 31, 2015	Interest Rate	Long Term Debt Repayment Schedule by Fiscal Year					
	March 31, 2014	March 31, 2015	Lines and Letters Available		2016	2017	2018	2019	2020	Later
Senior secured credit facility:										
Revolver ⁽¹⁾	\$175.0	\$—	\$210.3	5.5 % ⁽²⁾	\$—	\$—	\$—	\$—	\$—	\$—
Senior notes:										
9.875% senior secured second lien notes due 2021 ⁽⁴⁾	721.1	707.7	—	9.9 %	—	—	—	—	—	707.7
	721.1	707.7	—		—	—	—	—	—	707.7
5 ½% convertible senior subordinated notes due 2015	1.1	—	—	5.5 %	—	—	—	—	—	—
Long-term foreign seasonal borrowings	—	30.0	—	2.7 % ⁽²⁾	—	30.0	—	—	—	—
Other long-term debt	7.7	4.1	—	7.8 % ⁽²⁾	2.9	0.3	0.3	0.2	0.2	0.2
Notes payable to banks ⁽³⁾	212.7	330.3	448.2	5.1 % ⁽²⁾	—	—	—	—	—	—
Total debt	\$1,117.6	\$1,072.1	658.5		\$2.9	\$30.3	\$0.3	\$0.2	\$0.2	\$707.9
Short-term	\$212.7	\$330.3								
Long-term:										
Long-term debt current	\$4.5	\$2.9								
Long-term debt	900.4	738.9								
	\$904.9	\$741.8								
Letters of credit	\$5.3	\$6.3	10.9							
Total credit available			\$669.4							

(1) As of March 31, 2015, pursuant to Section 2.1 (A) (iv) of the Credit Agreement, the full \$210.3 million Revolving Committed Amount was available based on the calculation of the lesser of the Revolving Committed Amount and the Working Capital Amount.

(2) Weighted average rate for the twelve months ended March 31, 2015.

(3) Primarily foreign seasonal lines of credit.

(4) Repayment of \$707.7 million is net of original issue discount of \$12.3 million. Total repayment will be \$720.0 million.

Senior Secured Credit Facility

On August 1, 2013, the agreement governing the Company's senior secured credit facility was amended and restated to provide for a senior secured revolving credit facility with a syndicate of banks of approximately \$303.9 million, that automatically reduced to approximately \$210.3 million on April 15, 2014, and will mature in April 15, 2017. The senior secured credit facility was subject to a springing maturity on April 15, 2014 if by that date the Company had not deposited in the Blocked Account (as defined below) sufficient amounts to fund the repayment at maturity of all then outstanding 5½% Convertible Senior Subordinated Notes due 2014 of the Company (the "Convertible Notes"). The

Company deposited the requisite amount in the Blocked Account prior to April 15, 2014. Borrowings under the senior secured credit facility initially bear interest at an annual rate of LIBOR plus 3.75% and base rate plus 2.75%, as applicable, though the interest rate under the senior secured credit facility is subject to increase or decrease according to the Company's consolidated interest coverage ratio.

The agreement governing the senior secured credit facility required the Company to deposit with the lenders, in a segregated account that the Company may not use other than for specified purposes (the "Blocked Account"), the net proceeds from the sale of \$735.0 million in aggregate principal amount of the Company's 9.875% Senior Secured Second Lien Notes due 2021 (the "Second Lien Notes") that were not immediately applied to redeem all of the Company's outstanding 10% Senior Notes due 2016 (the "Senior Notes"). Amounts held in the Blocked Account may be used solely to purchase any and all Convertible Notes tendered in the Company's cash tender offer to purchase up to \$60.0 million in aggregate principal amount of the Convertible Notes commenced on July 17, 2013 (the "Convertible Notes Tender Offer") and, subject to conditions, to retire any remaining Convertible Notes not purchased in the Convertible Notes Tender Offer, including repayment at maturity. All amounts deposited in the Blocked Account from the net proceeds of the sale of the Second Lien Notes were applied to the purchase of Convertible Notes in the Convertible Notes Tender Offer. Borrowings under the senior secured credit facility are secured by a first priority lien on specified

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (AS RESTATED) (continued)

Liquidity and Capital Resources (As Restated) (continued)

Senior Secured Credit Facility (continued)

property of the Company, including the capital stock of specified subsidiaries, all U.S. accounts receivable, certain U.S. inventory, intercompany notes evidencing loans or advances, certain U.S. fixed assets and the Blocked Account.

First amendment. On May 30, 2014, the Company entered into the First Amendment to the Amended and Restated Credit Agreement (the "First Amendment"), which amended the credit agreement (the "Credit Agreement") governing the Company's senior secured credit facility. The First Amendment modified the definition of Consolidated EBIT to permit add backs in connection with dispositions of, and investments in, certain subsidiaries and permitted joint ventures and certain other accounting adjustments, modified the Minimum Consolidated Interest Coverage Ratio to 1.85 to 1.00 for the period ending March 31, 2014 and 1.70 to 1.00 for the periods ending June 30, 2014, September 30, 2014, December 31, 2014 and March 31, 2015, modified the Maximum Consolidated Leverage Ratio to 7.25 to 1.00 for the period ending June 30, 2014 and 7.50 to 1.00 for the period ending September 30, 2014 and increased the basket to \$200,000 for permitted Guaranty Obligations that can be incurred by the Company and its subsidiaries with respect to indebtedness of China Brasil Tabacos Exportadora Ltda. (which is the joint venture entity with China Tobacco in Brazil) while striking the requirement that such Guaranty Obligations of the Company and its subsidiaries may not exceed the percentage of the Company's direct or indirect ownership of China Brasil Tabacos Exportadora Ltda. in relation to all Guaranty Obligations with respect to Indebtedness of China Brasil Tabacos Exportadora Ltda.

Second amendment. On February 6, 2015, the Company entered into the Second Amendment to Amended and Restated Credit Agreement (the "Second Amendment"), which amended the Credit Agreement. The Second Amendment modified the Minimum Consolidated Interest Coverage Ratio (as defined in the Credit Agreement) to 1.50 to 1.00 for the period ended December 31, 2014 and the period ending March 31, 2015 and modified the Maximum Consolidated Leverage Ratio (as defined in the Credit Agreement) to 7.90 to 1.00 for the period ended December 31, 2014.

Third Amendment. On June 2, 2015, the Company entered into the Third Amendment to the Amended and Restated Credit Agreement (the "Third Amendment"), which amended the Credit Agreement. The Third Amendment modified the definition of Consolidated EBIT to permit add backs for specified periods for reserves taken with respect to receivables, restructuring charges and adjustments for applying the rule of lower of cost or market to inventories, modified the Minimum Consolidated Interest Coverage Ratio to 1.60 to 1.00 for the periods ending June 30, 2015 and September 30, 2015, 1.65 to 1.00 for the period ending December 31, 2015 and 1.70 to 1.00 for the period ending March 31, 2016, modified the Maximum Consolidated Leverage Ratio to 7.60 to 1.00 for the periods ending June 30, 2015 and September 30, 2015 and 7.15 to 1.00 for the period ending December 31, 2015, modified the restricted payments covenant to permit repayment of the Company's Senior Secured Second Lien Notes by up to \$50.0 million in any fiscal year, with carry forward of any unused amount into the next fiscal year, modified a covenant to provide a 90-day cure period if Uncommitted Inventories (as defined in the Credit Agreement) exceed the threshold of \$250.0 million, but only to the extent that they do not exceed \$285.0 million, and provides for first-lien mortgages on the Company's facilities located in Farmville, King and Wilson, North Carolina.

Financial covenants. After giving effect to the First Amendment, the Second Amendment and the Third Amendment to the Amended and Restated Credit Agreement, the financial covenants and required financial ratios at March 31, 2015 are as follows:

- a minimum consolidated interest coverage ratio of not less than 1.50 to 1.00 for the fiscal quarter ended March 31, 2015 (1.60 to 1.00 for the fiscal quarters ending June 30, 2015 and September 30, 2015, 1.65 to 1.00 for the fiscal quarter ending December 31, 2015 and 1.70 to 1.00 for the fiscal quarter ending March 31, 2016);
- a maximum consolidated leverage ratio specified for each fiscal quarter, which ratio is 5.85 to 1.00 for the fiscal quarter ended March 31, 2015 (7.60 to 1.00 for the fiscal quarters ending June 30, 2015 and September 30, 2015, 7.15 to 1.00 for the fiscal quarter ending December 31, 2015, and 5.85 to 1.00 for the fiscal quarter ending March 31, 2016);
- a maximum consolidated leverage ratio specified for each fiscal quarter, which ratio is 5.85 to 1.00 for the fiscal quarter ended March 31, 2015 (7.60 to 1.00 for the fiscal quarters ending June 30, 2015 and September 30, 2015, 7.15 to 1.00 for the fiscal quarter ending December 31, 2015, and 5.85 to 1.00 for the fiscal quarter ending March 31, 2016);
- a maximum consolidated total senior debt to working capital ratio of not more than 0.80 to 1.00 other than during periods in which the consolidated leverage ratio is less than 4.00 to 1.00 if the consolidated leverage ratio has been less than 4.00 to 1.00 for the prior two consecutive fiscal quarters; and
- a maximum amount of the Company's annual capital expenditures of \$51.6 million during the fiscal year ending March 31, 2015 and \$40.0 million during any fiscal year thereafter, in each case with a one-year carry-forward (not in excess of \$40.0 million) for unused capital expenditures in any fiscal year below the maximum amount.

Certain of these financial covenants are calculated on a rolling twelve-month basis and certain of these financial covenants and required financial ratios adjust over time in accordance with schedules in the agreement governing the senior secured credit facility.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (AS RESTATED) (continued)

Liquidity and Capital Resources (As Restated) (continued)

Senior Secured Credit Facility (continued)

Fourth Amendment. On May 20, 2016, the Company entered into the Fourth Amendment to the Amended and Restated Credit Agreement (the "Fourth Amendment"), which amended the Credit Agreement as further described in Note 21 "Subsequent Events" of Notes to Consolidated Financial Statements (As Restated) included in Part II, Item 8 of this Form 10-K/A.

Affirmative and restrictive covenants. The agreement governing the senior secured credit facility contains affirmative and negative covenants (subject, in each case, to exceptions and qualifications), including covenants that limit the Company's ability to, among other things, incur additional indebtedness, incur certain guarantees, merge, consolidate or dispose of substantially all of its assets, grant liens on its assets, pay dividends, redeem stock or make other distributions or restricted payments, create certain dividend and payment restrictions on its subsidiaries, repurchase or redeem capital stock or prepay subordinated debt, make certain investments, agree to restrictions on the payment of dividends to it by its subsidiaries, sell or otherwise dispose of assets, including equity interests of its subsidiaries, enter into transactions with its affiliates, and enter into certain sale and leaseback transactions.

Senior Secured Second Lien Notes

On August 1, 2013, the Company issued \$735.0 million in aggregate principal amount of the Second Lien Notes. The Second Lien Notes were sold at 98% of the face value, for gross proceeds of approximately \$720.3 million. The Second Lien Notes bear interest at a rate of 9.875% per year, payable semi-annually in arrears in cash on January 15 and July 15 of each year, beginning January 15, 2014, to holders of record at the close of business on the preceding January 1 and July 1, respectively. The Second Lien Notes will mature on July 15, 2021. The Second Lien Notes are secured by a second priority lien on specified property of Alliance One International, Inc. for which the senior secured credit facility is secured by a first priority lien. The indenture governing the Second Lien Notes restricts (subject to exceptions and qualifications) the Company's ability and the ability of its restricted subsidiaries to, among other things, incur additional indebtedness or issue disqualified stock or preferred stock, pay dividends and make other restricted payments (including restricted investments), sell assets, create liens, consolidate, merge, sell or otherwise dispose of all or substantially all of its assets, enter into transactions with its affiliates, enter into certain sale and leaseback transactions, create certain dividend and payment restrictions on its restricted subsidiaries, and designate its subsidiaries as unrestricted subsidiaries.

The indenture governing the Second Lien Notes requires the Company's existing and future material domestic subsidiaries to guarantee the Second Lien Notes. The Company has no material domestic subsidiaries, and the Second Lien Notes are not presently guaranteed by any subsidiary. If a change of control (as defined in the indenture governing the Second Lien Notes) occurs at any time, holders of the Second Lien Notes will have the right, at their option, to require the Company to repurchase all or a portion of the Second Lien Notes for cash at a price equal to 101% of the principal amount of Second Lien Notes being repurchased, plus accrued and unpaid interest and special interest, if any, to, but excluding, the date of repurchase. In connection with the issuance of the Second Lien Notes, the Company entered into a registration rights agreement that requires the Company to pay additional special interest on the Second Lien Notes, at increasing annual rates up to a maximum of 1.0% per year, if the Company fails to timely comply with its registration obligations thereunder. Pursuant to the registration rights agreement, on December 20, 2013, the Company completed a registered exchange offer in which it offered to exchange for the outstanding Second Lien Notes an equal amount of new Second Lien Notes having identical terms in all material respects. During the year ended March 31, 2015, the Company purchased \$15.0 million of its senior notes on the open market. All purchased securities were canceled leaving \$720.0 million of the 9.875% senior notes outstanding at March 31, 2015. Associated costs paid were \$.04 million and related discounts were \$(1.3) million resulting in net cash

repayment of \$13.7 million and recorded in Repayment of Long-Term Borrowings in the Consolidated Statements of Cash Flows. Deferred financing costs and amortization of original issue discount of \$0.5 million were accelerated.

Redemption of Existing Senior Notes

On August 2, 2013, the Company redeemed all \$635.0 million in aggregate principal amount of the Company's outstanding 10% Senior Notes due 2016 at a redemption price equal to 105% of the aggregate principal amount thereof, plus accrued and unpaid interest and other costs of which \$31.8 million was charged to debt retirement expense. As a result of the redemption of the Senior Notes, the Company accelerated \$6.1 million of deferred financing costs and \$14.6 million of amortization of original issue discount.

Convertible Senior Subordinated Notes

On July 2, 2009, the Company issued \$100.0 million of Convertible Notes. The initial purchasers of the Convertible Notes were granted an option to purchase up to an additional \$15.0 million of Convertible Notes solely to cover over-allotments which was exercised on July 15, 2009. Holders may surrender their Convertible Notes, in integral multiples of \$1,000 principal amount, for conversion into shares of the Company's common stock at the then-applicable conversion rate until the close of business on the second scheduled trading day immediately preceding the maturity date. The initial conversion rate for the Convertible Notes is 198.8862 shares of common stock per \$1,000 principal amount of Convertible Notes. The conversion rate is subject to adjustments based on certain events as described in the indenture governing the Convertible Notes. In addition, holders of these notes have certain rights and entitlements upon the occurrence of certain fundamental changes (as defined in the indenture governing the Convertible Notes).

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (AS RESTATED) (continued)

Liquidity and Capital Resources (As Restated) (continued)

Convertible Senior Subordinated Notes (continued)

On August 30, 2013, the Company purchased \$60.0 million in aggregate principal amount of its existing \$115.0 million Convertible Notes pursuant to a cash tender offer at a purchase price equal to \$1.03 per \$1.00 principal amount plus accrued and unpaid interest and other costs of which \$2.5 million was charged to debt retirement expense. The Company funded the purchase with available cash and a portion of the net proceeds from the issuance of the Second Lien Notes, which proceeds had been held in the Blocked Account. As a result of this purchase, the Company accelerated \$0.4 million of deferred financing costs.

On February 13, 2014, the Company purchased \$53.9 million of its then remaining \$55.0 million in aggregate principal amount of the Convertible Notes pursuant to a cash tender offer at a purchase price equal to \$1.025 per \$1.00 principal amount of the Convertible Notes purchased, plus accrued and unpaid interest and other costs of which \$1.7 million was charged to debt retirement expense. As a result of this purchase, the Company accelerated \$0.2 million of deferred financing costs. The remaining \$1.1 million in aggregate principal amount of the Convertible Notes matured on July 1, 2014.

Convertible Note Hedge and Warrant Transactions

In connection with the offering of the Convertible Notes, the Company entered into privately negotiated convertible note hedge transactions with three counterparties ("hedge counterparties") to cover, subject to customary anti-dilution adjustments, the number of shares of the Company's common stock that initially underlie the Convertible Notes and expire on the last day that any Convertible Notes remain outstanding. The Company also entered separately into privately negotiated warrant transactions relating to the same number of shares of the Company's common stock with the hedge counterparties. The convertible note hedge transactions were designed to reduce the potential dilution with respect to the common stock of the Company upon conversion of the Convertible Notes in the event that the value per share of common stock, as measured under the convertible note hedge transactions, during the applicable valuation period, was greater than the strike price of the convertible note hedge transactions, which corresponded to the \$5.0280 per share initial conversion price of the Convertible Notes and was similarly subject to customary anti-dilution adjustments. If, however, the price per share of the Company's common stock, as measured under the warrants, exceeded the strike price of the warrant transactions during the applicable valuation period, there would have been dilution from the issuance of common stock pursuant to the warrants. The warrants had a strike price of \$7.3325 per share, which was subject to customary anti-dilution adjustments and the maximum number of shares that could have been issued under the warrant transactions was 45,743,836. The warrants began expiring in daily installments commencing on October 15, 2014 and fully expire on April 8, 2015. Both the convertible note hedge transactions and the warrant transactions required physical net-share settlement and were accounted for as equity instruments.

Foreign Seasonal Lines of Credit

The Company has typically financed its non-U.S. operations with uncommitted unsecured short-term seasonal lines of credit at the local level. These operating lines are seasonal in nature, normally extending for a term of 180 to 270 days corresponding to the tobacco crop cycle in that location. These facilities are typically uncommitted in that the lenders have the right to cease making loans and demand repayment of loans at any time. These loans are typically renewed at the outset of each tobacco season. As of March 31, 2015, the Company had approximately \$330.3 million drawn and outstanding on foreign seasonal lines with maximum capacity totaling \$795.7 million subject to limitations as provided for in the Credit Agreement. Additionally, against these lines there was \$10.9 million available in unused letter of credit capacity with \$6.3 million issued but unfunded.

Long-Term Foreign Seasonal Borrowings

The Company had foreign seasonal borrowings with original maturities greater than one year. At March 31, 2015, approximately \$30.0 million was drawn and outstanding with maximum capacity totaling \$30.0 million.

Dividends

The senior secured credit facility restricts the Company from paying any dividends during the remaining term of the facility. In addition, the indenture governing the Secured Second Lien Notes contains similar restrictions and also prohibits the payment of dividends and other distributions if we fail to satisfy a ratio of consolidated EBITDA to fixed charges of at least 2.0 to 1.0. At March 31, 2015, we did not satisfy this fixed charge coverage ratio. We may from time to time not satisfy this ratio.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (AS RESTATED) (continued)

Aggregate Contractual Obligations and Off-Balance Sheet Arrangements

We have summarized in the table below our contractual cash obligations and other commercial commitments as of March 31, 2015.

(in millions)	Total 2016	Payments / Expirations by Period		
		Years 2017-2018	Years 2019-2020	After 2020
Long-Term Debt	\$78.5	\$ 176.6	\$ 146.9	\$802.9
Obligations*				
Other Long-Term Debt	9.4	8.8	9.5	24.9
Obligations**				
Operating Lease Obligations	10.6	15.1	9.3	3.6
Tobacco Portfolio Obligations	661.2	353.8	—	—
Beneficial Interest Receivables Sold	40.7	—	—	—
Guaranteed Tobacco Suppliers Total Contractual Obligations	300.6	—	—	—
Other Commercial Commitments	52.4	554.3	165.7	831.4

* Long-Term Debt Obligations include projected interest for both fixed and variable rate debt. We assume that there will be no drawings on the senior secured credit facility in these calculations. The variable rate used in the projections is the rate that was being charged on our variable rate debt as of March 31, 2015. These calculations also assume that there is no refinancing of debt during any period. These calculations are on Long-Term Debt Obligations only.

**Other long-term obligations consist of accrued pension and postretirement costs. Contributions for funded pension plans are based on the Pension Protection Act and tax deductibility and are not reasonably estimable beyond one year. Contributions for unfunded pension plans and postretirement plans captioned under "After 2020" include obligations during the next five years only. These obligations are not reasonably estimable beyond ten years. In addition, the following long-term liabilities included on the consolidated balance sheet are excluded from the table above: accrued postemployment costs, income taxes and tax contingencies, and other accruals. We are unable to estimate the timing of payments for these items.

We do not have any other off-balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources, as defined under the rules of SEC Release No. FRR-67, Disclosure in Management's Discussion and Analysis about Off-Balance Sheet Arrangements and Aggregate Contractual Obligations.

Lease Obligations

We have operating leases for land, buildings, automobiles and other equipment. In accordance with accounting principles generally accepted in the United States, operating leases are not reflected in the accompanying Consolidated Balance Sheet. Operating assets that are of long-term and continuing benefit are generally purchased.

Tobacco Purchase Obligations

Tobacco purchase obligations result from contracts with suppliers, primarily in the United States, Brazil, Malawi and Turkey, to buy either specified quantities of tobacco or the supplier's total tobacco production. Amounts shown as tobacco purchase obligations are estimates based on projected purchase prices of the future crop tobacco. Payment of these obligations is net of our advances to these suppliers. Our tobacco purchase obligations do not exceed our projected requirements over the related terms and are in the normal course of business.

Beneficial Interest in Receivables Sold

We sell accounts receivable under three revolving trade accounts receivable securitization programs. Under the agreements, we receive either 80% or 90% of the face value of the receivable sold, less contractual dilutions which limit the amount that may be outstanding from any one particular customer and insurance reserves that also have the effect of limiting the risk attributable to any one customer. Our beneficial interest is subordinate to the purchaser of the receivables. See Note 17 "Sale of Receivables" to the "Notes to Consolidated Financial Statements" for further information.

Amounts Guaranteed for Tobacco Suppliers

In Brazil and Malawi, we provide guarantees to ensure financing is available to our tobacco suppliers. In the event these suppliers should default, we would be responsible for repayment of the funds provided to these suppliers. We also provide guarantees for financing by certain unconsolidated subsidiaries in Asia, Brazil, and Zimbabwe. See Note 1 "Significant Accounting Policies – Advances to Tobacco Suppliers" to the "Notes to Consolidated Financial Statements" for further information.

Planned Capital Expenditures

We have projected a total of \$19.7 million in capital investments for our 2016 fiscal year. We forecast our capital expenditure needs for routine replacement of equipment as well as investment in assets that will add value to the customer or increase efficiency.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (AS RESTATED) (continued)

Tax and Repatriation Matters

We are subject to income tax laws in each of the countries in which we do business through wholly owned subsidiaries and through affiliates. We make a comprehensive review of the income tax requirements of each of our operations, file appropriate returns and make appropriate income tax planning analyses directed toward the minimization of our income tax obligations in these countries. Appropriate income tax provisions are determined on an individual subsidiary level and at the corporate level on both an interim and annual basis. These processes are followed using an appropriate combination of internal staff at both the subsidiary and corporate levels as well as independent outside advisors in review of the various tax laws and in compliance reporting for the various operations.

We regularly review the status of the accumulated unremitted earnings of each of our foreign subsidiaries. We would provide deferred income taxes, net of any foreign tax credits, if applicable, on any earnings that are determined to no longer be indefinitely invested. See Note 12 "Income Taxes" to the "Notes to Consolidated Financial Statements" for further information.

Critical Accounting Estimates (As Restated)

The preparation of financial statements in accordance with generally accepted accounting principles in the United States (GAAP) requires the use of estimates and assumptions that have an impact on the assets, liabilities, revenue and expense amounts reported. These estimates can also affect supplemental disclosures including information about contingencies, risk and financial condition.

Critical accounting estimates are defined as those that are reflective of significant judgments and uncertainties and potentially yield materially different results under different assumptions or conditions. Given current facts and circumstances, we believe that our estimates and assumptions are reasonable, adhere to GAAP and are consistently applied. Our selection and disclosure of our critical accounting policies and estimates has been reviewed with our Audit Committee. Following is a review of the more significant assumptions and estimates and the accounting policies and methods used in the preparation of our consolidated financial statements. For all of these estimates, we caution that future events rarely develop exactly as forecast, and the best estimates routinely require adjustment. See Note 1 "Significant Accounting Policies" to the "Notes to Consolidated Financial Statements" which discusses the significant accounting policies that we have adopted.

Inventories

Costs included in inventory include processed tobacco inventory, unprocessed tobacco inventory and other inventory costs. Inventories are valued at the lower of cost or market ("LCM"), which requires us to make significant estimates in assessing our inventory balances for potential LCM adjustments. We evaluate our inventories for LCM adjustments by country and type of inventory. Therefore, processed tobacco and unprocessed tobacco are evaluated separately for LCM purposes. We compare the cost of our processed tobacco to market values based on recent sales of similar grades when evaluating those balances for LCM adjustments. We also consider whether our processed tobacco is committed to a customer, whereby the expected sales price would be utilized in determining the market value for committed tobacco. We also review data on market conditions in performing our LCM evaluation for our unprocessed tobacco. See Note 1 "Significant Accounting Policies - Inventories" and Note 2 "Inventories" to the "Notes to Consolidated Financial Statements" for further information.

Income Taxes

Our annual tax rate is based on our income, statutory tax rates, exchange rates and tax planning opportunities available to us in the various jurisdictions in which we operate. Tax laws are complex and subject to different interpretations by the taxpayer and respective governmental taxing authorities. Significant judgment is required in determining our tax expense and in evaluating our tax positions including evaluating uncertainties under ASC 740. We review our tax

positions quarterly and adjust the balances as new information becomes available.

Deferred income tax assets represent amounts available to reduce income taxes payable on taxable income in future years. Such assets arise because of temporary differences between the financial reporting and tax bases of assets and liabilities, as well as from net operating loss and tax credit carryforwards. We evaluate the recoverability of these future tax deductions by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. These sources of income inherently rely heavily on estimates. To provide insight, we use our historical experience and our short and long-range business forecasts. We believe it is more likely than not that a portion of the deferred income tax assets may expire unused and have established a valuation allowance against them. Although realization is not assured for the remaining deferred income tax assets, we believe it is more likely than not the deferred tax assets will be fully recoverable within the applicable statutory expiration periods. However, deferred tax assets could be reduced in the near term if our estimates of taxable income are significantly reduced. See Note 12 "Income Taxes" to the "Notes to Consolidated Financial Statements" for further information.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (AS RESTATED) (continued)

Critical Accounting Estimates (As Restated) (continued)

Advances to Tobacco Suppliers (As Restated)

We evaluate our advances to tobacco suppliers, which represent prepaid inventory, for recoverability by crop and country. Our recoverability assessment for our advances to tobacco suppliers and our LCM evaluation for our inventories achieve a similar objective. We reclassify the advances to inventory at the time suppliers deliver tobacco. The purchase price for the tobacco delivered by the suppliers is based on market prices. Two primary factors determine the market value of the tobacco suppliers deliver to us: the quantity of tobacco delivered and the quality of the tobacco delivered. Therefore, and at the time of delivery, we ensure our advances to tobacco suppliers are appropriately stated at the lower of cost or their recoverable amounts.

Upon delivery of tobacco, part of the purchase price to the supplier is paid in cash and part through a reduction of the advance balance. If a sufficient value of tobacco is not delivered to allow the reduction of the entire advance balance, then we first determine how much of the deficiency for the current crop is recoverable through future crops. This determination is made by analyzing the suppliers' ability-to-deliver a sufficient supply of tobacco. This analysis includes historical quantity and quality of production with monitoring of crop information provided by our field service technicians related to flood, drought and disease. The remaining recoverable advance balance would then be classified as noncurrent. Any increase in the estimate of unrecoverable advances associated with the noncurrent portion is charged to cost of goods and services sold in the income statement when determined.

Amounts not expected to be recovered through current or future crops are then evaluated to determine whether the yield is considered to be normal or abnormal. If the yield adjustment is normal, then we capitalize the applicable variance in the current crop of inventory. If the yield adjustment is considered abnormal, then we immediately charge the applicable variance to cost of goods and services sold in the income statement. A normal yield adjustment is based on the range of unrecoverability for the previous three years by country. Our normal yield adjustment in the South America region is 5.0% to 7.0%.

We account for our advances to tobacco suppliers using a cost accumulation model, which results in reporting our advances at the lower of cost or recoverable amounts exclusive of the mark-up and interest. The mark-up and interest on our advances are recognized upon delivery of tobacco as a decrease in our cost of the current crop. The following table illustrates the amounts of favorable and unfavorable variances on current crop advances to tobacco suppliers (prepaid inventory) that will be capitalized into inventory when the crop has been purchased as of March 31, 2015, 2014 and 2013. The current crop is primarily sold in the next fiscal year when the net favorable / (unfavorable) variance is recognized through cost of sales. See Note 1 "Significant Accounting Policies – Advances to Tobacco Suppliers" for further information on the various components noted below. Variances on advances serve to state the tobacco inventory at cost by accumulating actual total cash expended and allocating it to the tobacco received during the crop cycle.

(in millions)	2015	2014	2013
Favorable variances (including mark-up)	\$19.8	\$18.2	\$14.5
Unfavorable variances (including unrecoverable advances)	(11.4)	(15.3)	(13.5)
Net favorable variance in crop cost in inventory	\$8.4	\$2.9	\$1.0

Other Regions

The price, and the resulting mark-up, of the inputs we advance is determined at the beginning of each season and depends on various market considerations. The interest rate charged on advances depends on market conditions as well. We purchase and advance the inputs based on an expected crop production. These advances are in the currency of the local market. We base our estimate of the unrecoverable advances on numerous factors, including, but not limited to our expectations of the quantity and quality of tobacco our suppliers will deliver to us.

Within the Other Regions, Brazil and Africa are the primary areas where we advance some inputs to suppliers for the coming crop based on expected crop production. Advances to tobacco suppliers in most other areas are primarily cash advances to third party commercial suppliers.

For 2015, favorable and unfavorable variances decreased primarily due to the deconsolidation of our former Brazilian subsidiary following the completion of a joint venture in March 2014. This decrease in favorable variances was offset by the positive currency impact on this year's prices charged to tobacco suppliers for agricultural products as well as the cost of those agricultural products due to timing that resulted in increased favorable variances on a U.S. dollar basis. The increase in unfavorable variances in 2014 compared to 2013 is attributable to increased provisions for unrecoverable advances in Africa in response to a change in historical recovery rates and increased crop production expectations.

We believe the favorable variances relating to the 2015, 2014 and 2013 crops are representative of average favorable variance percentages based on market conditions and currency rates in each year. The Company did not incur any other changes in net variances within the Other Regions operating segments for 2015, 2014 and 2013 that were absorbed into inventory.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (AS RESTATED) (continued)

Critical Accounting Estimates (As Restated) (continued)

Advances to Tobacco Suppliers (As Restated)

North America Region

In Guatemala, we advance some inputs to suppliers for the coming crop based on expected crop production. For 2015, 2014, and 2013, advances in North America have a minor impact to the consolidated favorable and unfavorable variances.

Asset Impairment

Long-lived assets, including recoverable intrastate trade tax credits, are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Determining whether an impairment has occurred typically requires various estimates and assumptions, including determining which undiscounted cash flows are directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount, and the asset's residual value, if any. In turn, measurement of an impairment loss requires a determination of fair value, which is based on the best information available. We derive the required undiscounted cash flow estimates from our historical experience and our internal business plans. To determine fair value, we use our internal cash flow estimates discounted at an appropriate interest rate, quoted market prices when available and independent appraisals, as appropriate. Accordingly, the fair value of an asset could be different using different estimates and assumptions in these valuation techniques which would increase or decrease the impairment charge.

Other Intangible Assets

We have no intangible assets with indefinite useful lives. We test identified intangible assets with defined useful lives and subject to amortization whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. We perform this test by initially comparing the carrying amount to the sum of undiscounted cash flows expected to be generated by the asset. If the carrying amount of an intangible asset exceeds its estimated future undiscounted cash flows, then an impairment loss would be indicated. The amount of the impairment loss to be recorded would be based on the excess of the carrying amount of the intangible asset over its discounted future cash flows. We use judgment in assessing whether the carrying amount of our intangible assets is not expected to be recoverable over their estimated remaining useful lives. See Note 5 "Goodwill and Other Intangibles" to the "Notes to Consolidated Financial Statements" for further information.

Pensions and Postretirement Health Care and Life Insurance Benefits

The valuation of our pension and other postretirement health care and life insurance plans requires the use of assumptions and estimates that are used to develop actuarial valuations of expenses, assets and liabilities. These assumptions include discount rates, investment returns, projected salary increases and benefits and mortality rates. The significant assumptions used in the calculation of pension and postretirement obligations are:

Discount rate: The discount rate is based on investment yields available at the measurement date on high-quality fixed income obligations, such as those included in the Moody's Aa bond index.

Salary increase assumption: The salary increase assumption reflects our expectations with respect to long-term salary increases of our workforce. Historical pay increases, expectations for the future, and anticipated inflation and promotion rates are considered in developing this assumption.

Cash Balance Crediting Rate: Interest is credited on cash balance accounts based on the yield on one-year Treasury Constant Maturities plus 1%. The assumed crediting rate thus considers the discount rate, current treasury rates, current inflation rates, and expectations for the future.

Mortality Rates: Mortality rates are based on gender-distinct group annuity mortality (GAM) tables.

Expected return on plan assets: The expected return reflects asset allocations, investment strategy and our historical actual returns.

Termination and Retirement Rates: Termination and retirement rates are based on standard tables reflecting past experience and anticipated future experience under the plan. No early retirement rates are used since benefits provided are actuarially equivalent and there are not early retirement subsidies in the plan.

Management periodically reviews actual demographic experience as it compares to the actuarial assumptions. Changes in assumptions are made if there are significant deviations or if future expectations change significantly. Based upon anticipated changes in assumptions, pension and postretirement expense is expected to increase by \$1.9 million in the fiscal year ended March 31, 2016 as compared to March 31, 2015. We continually evaluate ways to better manage benefits and control costs. The cash contribution to our employee benefit plans in fiscal 2015 was \$10.2 million and is expected to be \$9.4 million in fiscal 2016

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (AS RESTATED) (continued)

Critical Accounting Estimates (As Restated) (continued)

Pensions and Postretirement Health Care and Life Insurance Benefits (continued)

The effect of actual results differing from our assumptions are accumulated and amortized over future periods and, therefore, generally affect our recognized expense in such future periods. Changes in other assumptions and future investment returns could potentially have a material impact on our pension and postretirement expenses and related funding requirements.

The effect of a change in certain assumptions is shown below:

	Estimated Change in Projected Benefit Obligation Increase (Decrease) (in 000's)	Estimated Change in Annual Expense Increase (Decrease) (in 000's)
Change in Assumption (Pension and Postretirement Plans)		
1% increase in discount rate	\$ (20,540)	\$ (834)
1% decrease in discount rate	\$ 21,281	\$ 806
1% increase in salary increase assumption	\$ 926	\$ 215
1% decrease in salary increase assumption	\$ (859)	\$ (201)
1% increase in cash balance crediting rate	\$ 1,570	\$ 318
1% decrease in cash balance crediting rate	\$ (1,371)	\$ (277)
1% increase in rate of return on assets		\$ (970)
1% decrease in rate of return on assets		\$ 970

Changes in assumptions for other post retirement benefits are no longer applicable as the benefit is capped and no longer subject to inflation. See Note 13 "Employee Benefits" to the "Notes to Consolidated Financial Statements" for further information.

Recent Accounting Pronouncements Not Yet Adopted

See Note 1 "Significant Accounting Policies" to the "Notes to Consolidated Financial Statements" for further information.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK (AS RESTATED)

Derivatives policies: Hedging interest rate exposure using swaps and hedging foreign exchange exposure using forward contracts are specifically contemplated to manage risk in keeping with management's policies. We may use derivative instruments, such as swaps or forwards, which are based directly or indirectly upon interest rates and currencies to manage and reduce the risks inherent in interest rate and currency fluctuations.

We do not utilize derivatives for speculative purposes, and we do not enter into market risk sensitive instruments for trading purposes. Derivatives are transaction specific so that a specific debt instrument, contract, or invoice determines the amount, maturity, and other specifics of the hedge.

Foreign exchange rates: Our business is generally conducted in U.S. dollars, as is the business of the tobacco industry as a whole.

However, local country operating costs, including the purchasing and processing costs for tobaccos, are subject to the effects of exchange fluctuations of the local currency against the U.S. dollar. We attempt to minimize such currency risks by matching the timing of our working capital borrowing needs against the tobacco purchasing and processing funds requirements in the currency of the country where the tobacco is grown. Also, in some cases, our sales pricing arrangements with our customers allow adjustments for the effect of currency exchange fluctuations on local purchasing and processing costs. Fluctuations in the value of foreign currencies can significantly affect our operating results. In our cost of goods and services sold, we have recognized exchange gains (losses) of \$3.8 million, \$(4.7) million and \$3.6 million for the fiscal years ended March 31, 2015, 2014 and 2013, respectively. We recognized exchange losses of \$7.9 million, \$7.6 million and \$9.1 million related to tax balances in our tax expense for the fiscal years ended March 31, 2015, 2014 and 2013, respectively. In addition, foreign currency fluctuations in the Euro and (U.K.) Sterling can significantly impact the currency translation adjustment component of accumulated other comprehensive income. We recognized gains (losses) of \$(12.5) million, \$4.1 million and \$(2.8) million in 2015, 2014, and 2013, respectively, as a result of fluctuations in these currencies.

Our consolidated SG&A expenses denominated in foreign currencies are subject to translation risks from currency exchange fluctuations. These foreign denominated expenses accounted for approximately 30.8% or \$42.2 million of our total SG&A expenses for the twelve months ended March 31, 2015. A 10% change in the value of the U.S. dollar relative to those currencies would have caused the reported value of those expenses to increase or decrease by approximately \$4.2 million.

Interest rates: We manage our exposure to interest rate risk through the proportion of fixed rate and variable rate debt in our total debt portfolio. A 1% change in variable interest rates would increase or decrease our reported interest cost by approximately \$5.9 million. A substantial portion of our borrowings are denominated in U.S. dollars and bear interest at commonly quoted rates.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED)

STATEMENTS OF CONSOLIDATED OPERATIONS (AS RESTATED)

Alliance One International, Inc. and Subsidiaries

(in thousands, except per share data)	Years Ended March 31,		
	2015 (As Restated)	2014 (As Restated)	2013 (As Restated)
Sales and other operating revenues	\$2,066,865	\$2,354,536	\$2,240,996
Cost of goods and services sold	1,824,148	2,127,880	1,953,794
Gross profit	242,717	226,656	287,202
Selling, general and administrative expenses	137,020	134,086	145,777
Other income	1,390	18,760	20,721
Restructuring and asset impairment charges (recoveries)	9,118	5,111	(55)
Operating income	97,969	106,219	162,201
Debt retirement expense (income)	(771)	)57,449	1,195
Interest expense	113,273	116,827	114,528
Interest income	6,268	7,068	6,547
Income (loss) before income taxes and other items	(8,265	)(60,989	)53,025
Income tax expense	20,860	40,475	30,050
Equity in net income of investee companies	2,823	60	1,637
Net income (loss)	(26,302	)(101,404	)24,612
Less: Net income (loss) attributable to noncontrolling interests	(172	)(343	)699
Net income (loss) attributable to Alliance One International, Inc.	\$(26,130	)\$(101,061	)\$23,913
Earnings (loss) per share:			
Basic	\$(2.96	)\$ (11.52	)\$2.74
Diluted	\$(2.96	)\$ (11.52	)\$2.53

See notes to consolidated financial statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (AS RESTATED)

Alliance One International, Inc. and Subsidiaries

(in thousands)	Years Ended March 31,		
	2015 (As Restated)	2014 (As Restated)	2013 (As Restated)
Net income (loss)	\$(26,302)	\$(101,404)	\$24,612
Other comprehensive income (loss), net of tax:			
Currency translation adjustment	(12,514)	4,084	(2,802)
Pension prior service credit (cost) and net actuarial gain (loss), net of tax of \$186 in 2015, \$(306) in 2014 and \$1,229 in 2013	(15,546)	13,007	(13,942)
Total other comprehensive income (loss), net of tax	(28,060)	17,091	(16,744)
Total comprehensive income (loss)	(54,362)	(84,313)	7,868
Comprehensive income (loss) attributable to noncontrolling interests	(172)	(343)	699
Comprehensive income (loss) attributable to Alliance One International, Inc.	\$(54,190)	\$(83,970)	\$7,169

See notes to consolidated financial statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

CONSOLIDATED BALANCE SHEETS (AS RESTATED)

Alliance One International, Inc. and Subsidiaries

(in thousands)	March 31, 2015 (As Restated)	March 31, 2014 (As Restated)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 143,849	\$ 234,778
Trade and other receivables, net	193,370	166,453
Accounts receivable, related parties	41,816	44,869
Inventories	740,943	743,669
Advances to tobacco suppliers	37,767	48,708
Recoverable income taxes	5,257	4,789
Current deferred taxes	15,586	10,013
Prepaid expenses	23,901	27,733
Current derivative asset	1,373	—
Other current assets	13,233	12,053
Total current assets	1,217,095	1,293,065
Other assets		
Investments in unconsolidated affiliates	54,694	51,406
Goodwill and other intangible assets	31,891	34,725
Long-term recoverable income taxes	6,571	5,423
Deferred income taxes	33,155	40,927
Other deferred charges	17,695	19,038
Other noncurrent assets	27,631	42,255
	171,637	193,774
Property, plant and equipment, net	237,914	261,174
	\$ 1,626,646	\$ 1,748,013
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Notes payable to banks	\$ 330,254	\$ 212,669
Accounts payable	73,349	115,203
Due to related parties	58,512	63,384
Advances from customers	18,906	22,133
Accrued expenses and other current liabilities	87,815	72,563
Current derivative liability	—	169
Income taxes	12,694	9,685
Long-term debt current	2,894	4,556
Total current liabilities	584,424	500,362
Long-term debt		
	738,943	900,363
Deferred income taxes	3,498	4,680
Liability for unrecognized tax benefits	11,011	12,346
Pension, postretirement and other long-term liabilities	91,502	81,665
	844,954	999,054
Commitments and contingencies		
Stockholders' equity		
Common stock—no par value:		

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250,000 authorized shares, 9,644 issued and outstanding (9,601 at March 31, 2014)	468,564	465,682
Retained deficit	(208,184)	(182,054)
Accumulated other comprehensive loss	(66,386)	(38,326)
Total stockholders' equity of Alliance One International, Inc.	193,994	245,302
Noncontrolling interests	3,274	3,295
Total equity	197,268	248,597
	\$1,626,646	\$1,748,013

See notes to consolidated financial statements.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

STATEMENTS OF CONSOLIDATED STOCKHOLDERS' EQUITY (AS RESTATED)

Alliance One International, Inc. and Subsidiaries

Attributable to Alliance One International,
Inc.

		Accumulated Other Comprehensive Income			Total Stockholders'	
Common Stock (in thousands)	Retained Deficit (As Restated)	Currency Translation Adjustment	Pensions, Net of Tax	Noncontrolling Interest	Equity (As Restated)	
Balance, March 2012	\$157,497	\$(104,906)	\$(2,922)	\$(35,751)	\$ 2,939	\$ 316,857
(1) Net income	23,913	—	—	699		24,612
Restricted stock surrendered	(159)	—	—	—		(159)
Stock-based compensation	3,576	—	—	—		3,576
Other comprehensive loss, net of tax	—	(2,802)	(13,942)	—		(16,744)
Balance, March 31, 2013	\$160,914	\$(80,993)	\$(5,724)	\$(49,693)	\$ 3,638	\$ 328,142
Net loss	(101,061)	—	—	(343)		(101,404)
Restricted stock surrendered	(337)	—	—	—		(337)
Stock-based compensation	5,105	—	—	—		5,105
Other comprehensive income, net of tax	—	4,084	13,007	—		17,091
	\$465,682	\$(182,054)	\$(1,640)	\$(36,686)	\$ 3,295	\$ 248,597

Balance, March 31, 2014					
Net loss	(26,130)	—	—	(172)	(26,302)
Acquisition of noncontrolling interest	—	—	—	151	151
Restricted stock surrendered	—	—	—	—	(146)
Stock-based 3,028 compensation	—	—	—	—	3,028
Other comprehensive loss, net of tax	—	(12,514)	(15,546)	—	(28,060)
Balance, March 31, 2015	\$468,564	\$(208,184)	\$(14,154)	\$(52,232)	\$ 3,274
					\$ 197,268

(1) The balance shown for retained deficit as of March 31, 2012 has been restated in this financial statement to reflect the effect of the adjustments described in Note 1A.

See notes to consolidated financial statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

STATEMENTS OF CONSOLIDATED CASH FLOWS (AS RESTATED)

Alliance One International, Inc. and Subsidiaries

(in thousands)	Years Ended March 31,		
	2015 (As Restated)	2014 (As Restated)	2013 (As Restated)
Operating activities			
Net income (loss)	\$(26,302)	\$(101,404)	\$24,612
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	29,623	32,427	33,811
Debt amortization/interest	8,816	12,707	15,303
Debt retirement	(771)	)57,449	1,195
Restructuring and asset impairment charges (recovery)	9,118	5,111	(55)
Loss on foreign currency transactions	8,274	12,348	5,564
Gain on sale of property, plant and equipment	(1,751)	)(3,175	)(1,310)
Gain on disposition of stock in subsidiaries	—	(20,369)—
Loss on acquisition of equity method investment	—	1,253	—
Bad debt expense	12,368	312	(44)
Equity in net income of unconsolidated affiliates, net of dividends	(2,823	)783	(640)
Stock-based compensation	3,194	3,222	4,520
Changes in operating assets and liabilities, net:			
Trade and other receivables	(50,358	)51,085	53,392
Inventories and advances to tobacco suppliers	(4,666	)168,194	(101,079)
Deferred items	(18,025	)4,888	(28,480)
Recoverable income taxes	(2,430	)(2,136	)(396)
Payables and accrued expenses	(23,408	)26,838	(1,829)
Advances from customers	(3,638	)3,330	2,201
Current derivative asset	(1,373	)3,145	(2,833)
Prepays	1,743	4,238	368
Income taxes	5,511	538	(6,999)
Other operating assets and liabilities	1,452	(1,127	)1,160
Other, net	223	2,815	(95)
Net cash provided (used) by operating activities	(55,223	)262,472	(1,634)
Investing activities			
Purchases of property, plant and equipment	(25,273	)(24,928	)(39,860)
Intangibles, including internally developed software costs	(781	)(7,803	)(977)
Proceeds from sale of property, plant and equipment	16,840	9,336	1,770
Proceeds on sale of subsidiaries, net of cash divested	—	3,513	—
Payments to acquire equity method investments	(1,655	)(3,500)—
Change in restricted cash	(1,678	)268	25,955
Surrender of life insurance policies	1,194	2,861	119
Other, net	(309	)(196	)(218)
Net cash used by investing activities	(11,662	)(20,449	)(13,211)

	Years Ended March 31,		
	2015 (As Restated)	2014 (As Restated)	2013 (As Restated)
Financing activities			
Net proceeds (repayments) of short-term borrowings	\$ 145,988	\$(87,398)	\$(11,524)
Proceeds from long-term borrowings	300,000	1,075,877	357,337
Repayment of long-term borrowings	(463,341)	(1,030,256)	(352,436)
Debt issuance cost	(6,538)	(22,764)	(7,372)
Debt retirement cost	—	(36,033)	—
Other, net	455	111	(66)
Net cash used by financing activities	(23,436)	(100,463)	(14,061)
Effect of exchange rate changes on cash	(608)	1,192	1,189
Increase (decrease) in cash and cash equivalents	(90,929)	142,752	(27,717)
Cash and cash equivalents at beginning of year	234,778	92,026	119,743
Cash and cash equivalents at end of year	\$ 143,849	\$ 234,778	\$ 92,026
Other information:			
Cash paid for income taxes	\$ 16,192	\$ 17,911	\$ 20,771
Cash paid for interest	98,957	105,192	102,101
Cash received from interest	(6,529)	(8,799)	(5,193)

See notes to consolidated financial statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED)

Alliance One International, Inc. and Subsidiaries

(in thousands)

Note 1A - Restatement of Previously Issued Consolidated Financial Statements

In the course of downsizing and terminating certain operations of Alliance One Tobacco (Kenya) Limited (“AOTK”), and preparing our financial statements for the quarter ended September 30, 2015, the Company identified errors in accounts receivable, inventory, sales and cost of goods sold in AOTK. Specifically, the value of inventory was overstated due to improper accounting for shrinkage, deferred crop costs, lower of cost or market valuations and inventory counts. Further, sales and other operating revenues, and trade and other receivables, net were incorrectly stated due to improper revenue recognition for external sales. As a result of these errors, the Company has restated its consolidated financial statements for the years ended March 31, 2015, 2014 and 2013 and the selected quarterly financial data (unaudited) on this Form 10-K/A. Certain adjustments due to these errors are related to the year ended March 31, 2012 and prior periods. The Company has reported the portion of the errors occurring prior to the year ended March 31, 2013 of approximately \$16 million as a restatement of retained earnings at March 31, 2012.

As of March 31, 2015, the correction of these errors decreased the reported amount of inventory by approximately \$32 million, decreased accounts receivable by approximately \$7 million, and decreased retained earnings by approximately \$39 million. Approximately \$26 million of the decrease in retained earnings is related to periods prior to 2015, with a portion in each quarter dating back to fiscal 2011. Further, these corrections decreased operating income for the year ended March 31, 2015 by approximately \$13 million.

Along with restating the Company's financial statements to correct the errors discussed above, the Company has recorded adjustments for certain previously identified immaterial accounting errors related to the periods covered by this Form 10-K/A. When these financial statements were originally issued, the Company assessed the impact of these errors and concluded that they were not material to its financial statements for each of the years ended March 31, 2015, 2014 and 2013, and reported fiscal quarters within each of these years. However, in conjunction with its need to restate its financial statements as a result of the errors noted above, the Company determined that it would be appropriate within this Form 10-K/A to record all such previously unrecorded adjustments.

The combined impacts of all the adjustments to the applicable line items in the consolidated financial statements for the periods covered by this Form 10-K/A are provided in the tables below.

Financial Statement Presentation

In addition to the restatement of its consolidated financial statements, the Company has also restated the following Notes for the effects of the errors above:

- ✦Note 1. Summary of Significant Accounting Policies
- ✦Note 2. Inventories
- ✦Note 3. Variable Interest Entities
- ✦Note 4. Restructuring and Asset Impairment Charges
- ✦Note 5. Goodwill and Other Intangibles
- ✦Note 10. Equity in Net Assets of Investee Companies
- ✦Note 12. Income Taxes
- ✦Note 13. Employee Benefits
- ✦Note 14. Segment Information
- ✦Note 15. Foreign Currency Translation
- ✦Note 20. Selected Quarterly Financial Data (Unaudited)
- ✦Note 21. Subsequent Events

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 1A - Restatement of Previously Issued Consolidated Financial Statements (Continued)

The following tables present the effect of the restatement on selected line items of the previously reported consolidated financial statements for the years ended March 31, 2015, 2014 and 2013.

Consolidated Balance Sheet as of
March 31, 2015

(in thousands)	As Previously Reported	Inventory Adjustments (1)	Receivables Adjustments (2)	Other Adjustments (3)	As Restated
Trade and other receivables, net	\$200,403	\$ —	\$ (7,459)	\$ 426	\$193,370
Inventories	772,608	(31,665)	—	—	740,943
Advances to tobacco suppliers	38,589	—	—	(822)	37,767
Current deferred taxes	15,587	—	—	(1)	15,586
Prepaid expenses	23,541	—	—	360	23,901
Total current assets	1,256,256	(31,665)	(7,459)	(37)	1,217,095
Deferred income taxes	31,649	—	—	1,506	33,155
Other noncurrent assets	27,858	—	—	(227)	27,631
Property, plant and equipment, net	237,975	—	—	(61)	237,914
Total assets	1,664,589	(31,665)	(7,459)	1,181	1,626,646
Accounts payable	73,358	—	—	(9)	73,349
Accrued expenses and other current liabilities	87,132	—	—	683	87,815
Income taxes	12,964	(22)	(182)	(66)	12,694
Total current liabilities	584,020	(22)	(182)	608	584,424
Deferred income taxes	5,284	—	—	(1,786)	3,498
Liability for unrecognized tax benefits	8,826	—	—	2,185	11,011
Pension, postretirement and other long-term liabilities	91,252	—	—	250	91,502
Retained deficit	(169,413)	(31,643)	(7,277)	149	(208,184)
Accumulated other comprehensive income	(66,161)	—	—	(225)	(66,386)
Total stockholders' equity of Alliance One International, Inc.	232,990	(31,643)	(7,277)	(76)	193,994
Total equity	236,264	(31,643)	(7,277)	(76)	197,268
Total liabilities and stockholders' equity	1,664,589	(31,665)	(7,459)	1,181	1,626,646

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries

(in thousands)

Note 1A - Restatement of Previously Issued Consolidated Financial Statements (Continued)

(in thousands)	Statement of Consolidated Operations March 31, 2015				As Restated
	As Previously Reported	Inventory Adjustments	Receivables Adjustments (1)(2)	Other Adjustments (3)	
Sales and other operating revenues	\$2,065,850	\$ —	\$ 1,584	\$ (569)	\$2,066,865
Cost of goods and services sold	1,810,771	14,727	—	(1,350)	1,824,148
Gross profit	255,079	(14,727)	1,584	781	242,717
Other income	1,894	—	—	(504)	1,390
Operating income	110,835	(14,727)	1,584	277	97,969
Interest expense	113,355	—	—	(82)	113,273
Income (loss) before income taxes and other	4,519	(14,727)	1,584	359	(8,265)
Income tax expense (benefit)	22,939	(828)	89	(1,340)	20,860
Net income (loss)	(15,597)	(13,899)	1,495	1,699	(26,302)
Net income (loss) attributable to Alliance One International, Inc.	(15,425)	(13,899)	1,495	1,699	(26,130)
Earnings (loss) per share:					
Basic	(1.75)	(1.58)	0.17	0.19	(2.96)
Diluted	(1.75)	(1.58)	0.17	0.19	(2.96)

(in thousands)	Consolidated Statement of Comprehensive Income (Loss) March 31, 2015				As Restated
	As Previously Reported	Inventory Adjustments	Receivables Adjustments (1)(2)	Other Adjustments (3)	
Net income (loss)	\$(15,597)	\$(13,899)	\$ 1,495	\$ 1,699	\$(26,302)
Total comprehensive income (loss)	(43,657)	(13,899)	1,495	1,699	(54,362)
Comprehensive income (loss) attributable to Alliance One International, Inc.	(43,485)	(13,899)	1,495	1,699	(54,190)

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries

(in thousands)

Note 1A - Restatement of Previously Issued Consolidated Financial Statements (Continued)

(in thousands)	Statement of Consolidated Cash Flows				As Restated
	As Previously Reported	Inventory Adjustments (1)	Receivables Adjustments (2)	Other Adjustments (3)	
Net income (loss)	\$ (15,597)	\$ (13,899)	\$ 1,495	\$ 1,699	\$ (26,302)
Loss on foreign currency transactions	8,570	—	—	(296)	) 8,274
Trade and other receivables	(47,384)	—	(1,495)	(1,479 )	) (50,358)
Inventories and advances to tobacco suppliers	(19,552)	13,899	—	987	(4,666)
Deferred items	(15,118)	—	—	(2,907 )	) (18,025)
Payables and accrued expenses	(24,018)	—	—	610	(23,408)
Prepays	2,037	—	—	(294)	) 1,743
Income taxes	4,682	—	—	829	5,511
Other operating assets and liabilities	637	—	—	815	1,452
Net cash used by operating activities	(55,187)	—	—	(36)	) (55,223)
Decrease in cash and cash equivalents	(90,893)	—	—	(36)	) (90,929)
Cash and cash equivalents at beginning of year	234,742	—	—	36	234,778

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 1A - Restatement of Previously Issued Consolidated Financial Statements (Continued)

(in thousands)	Consolidated Balance Sheet as of March 31, 2014				As Restated
	As Previously Reported	Inventory Adjustments (1)	Receivables Adjustments (2)	Other Adjustments (3)	
Cash and cash equivalents	\$234,742	\$ —	\$ —	\$ 36	\$234,778
Trade and other receivables, net	176,459	—	(9,044)	(962)	166,453
Inventories	760,607	(16,937)	—	(1)	743,669
Advances to tobacco suppliers	49,598	—	—	(890)	48,708
Prepaid expenses	27,667	—	—	66	27,733
Total current assets	1,320,797	(16,937)	(9,044)	(1,751)	1,293,065
Investments in unconsolidated affiliates	50,876	—	—	530	51,406
Property, plant and equipment, net	261,246	—	—	(72)	261,174
Total assets	1,775,287	(16,937)	(9,044)	(1,293)	1,748,013
Accounts payable	115,177	—	—	26	115,203
Accrued expenses and other current liabilities	72,525	—	—	38	72,563
Income taxes	10,784	807	(272)	(1,634)	9,685
Total current liabilities	501,397	807	(272)	(1,570)	500,362
Deferred income taxes	5,788	—	—	(1,108)	4,680
Liability for unrecognized tax benefits	9,436	—	—	2,910	12,346
Pension, postretirement and other long-term liabilities	81,415	—	—	250	81,665
Retained deficit	(153,988)	(17,744)	(8,772)	(1,550)	(182,054)
Accumulated other comprehensive income	(38,101)	—	—	(225)	(38,326)
Total stockholders' equity of Alliance One International, Inc.	273,593	(17,744)	(8,772)	(1,775)	245,302
Total equity	276,888	(17,744)	(8,772)	(1,775)	248,597
Total liabilities and stockholders' equity	1,775,287	(16,937)	(9,044)	(1,293)	1,748,013

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries

(in thousands)

Note 1A - Restatement of Previously Issued Consolidated Financial Statements (Continued)

(in thousands)	Statement of Consolidated Operations March 31, 2014				As Restated
	As Previously Reported	Inventory Adjustments (1)	Receivables Adjustments (2)	Other Adjustments (3)	
Sales and other operating revenues	\$2,354,956	\$ —	\$ (344)	\$ (76)	\$2,354,536
Cost of goods and services sold	2,114,929	10,567	—	2,384	2,127,880
Gross profit	240,027	(10,567)	(344)	(2,460)	226,656
Other income	18,230	—	—	530	18,760
Operating income	119,059	(10,567)	(344)	(1,929)	106,219
Interest expense	116,798	—	—	29	116,827
Loss before income taxes and other	(48,120)	(10,567)	(344)	(1,958)	(60,989)
Income tax expense	38,942	439	14	1,080	40,475
Net loss	(87,002)	(11,006)	(358)	(3,038)	(101,404)
Net loss attributable to Alliance One International, Inc.	(86,659)	(11,006)	(358)	(3,038)	(101,061)
Loss per share:					
Basic	(9.88)	(1.25)	(0.04)	(0.35)	(11.52)
Diluted	(9.88)	(1.25)	(0.04)	(0.35)	(11.52)

(in thousands)	Consolidated Statement of Comprehensive (Loss) Income March 31, 2014				As Restated
	As Previously Reported	Inventory Adjustments (1)	Receivables Adjustments (2)	Other Adjustments (3)	
Net loss	\$(87,002)	\$(11,006)	\$(358)	\$(3,038)	\$(101,404)
Total comprehensive loss	(69,911)	(11,006)	(358)	(3,038)	(84,313)
Comprehensive loss attributable to Alliance One International, Inc.	(69,568)	(11,006)	(358)	(3,038)	(83,970)

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries

(in thousands)

Note 1A - Restatement of Previously Issued Consolidated Financial Statements (Continued)

Statement of Consolidated Cash Flows					
March 31, 2014					
(in thousands)	As Previously Reported	Inventory Adjustments (1)	Receivables Adjustments (2)	Other Adjustments (3)	As Restated
Net loss	\$(87,002)	\$(11,006)	\$(358)	\$(3,038)	\$(101,404)
Loss on foreign currency transactions	12,286	—	—	62	12,348
Trade and other receivables	50,392	—	358	335	51,085
Inventories and advances to tobacco suppliers	157,212	11,006	—	(24)	168,194
Deferred items	2,769	—	—	2,119	4,888
Payables and accrued expenses	24,989	—	—	1,849	26,838
Prepays	4,304	—	—	(66)	4,238
Income taxes	1,172	—	—	(634)	538
Other operating assets and liabilities	(560)	—	—	(567)	(1,127)
Net cash provided by operating activities	262,436	—	—	36	262,472
Increase in cash and cash equivalents	142,716	—	—	36	142,752
Cash and cash equivalents at end of year	234,742	—	—	36	234,778

Statement of Consolidated Operations					
March 31, 2013					
(in thousands)	As Previously Reported	Inventory Adjustments (1)	Receivables Adjustments (2)	Other Adjustments (3)	As Restated
Sales and other operating revenues	\$2,243,816	—	\$(3,279)	\$459	\$2,240,996
Cost of goods and services sold	1,958,570	(4,230)	—	(546)	1,953,794
Gross profit	285,246	4,230	(3,279)	1,005	287,202
Selling, general and administrative expenses	145,750	—	—	27	145,777
Operating income	160,272	4,230	(3,279)	978	162,201
Interest expense	114,557	—	—	(29)	114,528
Income (loss) before income taxes and other	51,067	4,230	(3,279)	1,007	53,025
Income tax expense (benefit)	27,992	367	(285)	1,976	30,050
Net income (loss)	24,712	3,863	(2,994)	(969)	24,612
Net income (loss) attributable to Alliance One International, Inc.	24,013	3,863	(2,994)	(969)	23,913
Earnings (loss) per share:					
Basic	2.75	0.44	(0.34)	(0.11)	2.74
Diluted	2.54	0.35	(0.27)	(0.09)	2.53

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries

(in thousands)

Note 1A - Restatement of Previously Issued Consolidated Financial Statements (Continued)

(in thousands)	Consolidated Statement of Comprehensive (Loss) Income March 31, 2013				
	As Previously Reported	Inventory Adjustments (1)	Receivables Adjustments (2)	Other Adjustments (3)	As Restated
Net income (loss)	\$24,712	\$ 3,863	\$ (2,994)	\$ (969)	\$24,612
Pension prior service credit (cost) and net actuarial gain (loss), net of tax	(13,717)	—	—	(225)	(13,942)
Total other comprehensive income (loss), net of tax	(16,519)	—	—	(225)	(16,744)
Total comprehensive income (loss)	8,193	3,863	(2,994)	(1,194)	7,868
Comprehensive income (loss) attributable to Alliance One International, Inc.	7,494	3,863	(2,994)	(1,194)	7,169

(in thousands)	Statement of Consolidated Cash Flows March 31, 2013				
	As Previously Reported	Inventory Adjustments (1)	Receivables Adjustments (2)	Other Adjustments (3)	As Restated
Net income (loss)	\$24,712	\$ 3,863	\$ (2,994)	\$ (969)	\$24,612
Loss on foreign currency transactions	5,662	—	—	(98)	5,564
Trade and other receivables	49,401	—	2,994	997	53,392
Inventories and advances to tobacco suppliers	(97,324)	(3,863)	—	108	(101,079)
Deferred items	(29,797)	—	—	1,317	(28,480)
Payables and accrued expenses	5	—	—	(1,834)	(1,829)
Income taxes	(7,040)	—	—	41	(6,999)
Other operating assets and liabilities	722	—	—	438	1,160

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 1A - Restatement of Previously Issued Consolidated Financial Statements (Continued)

Statement of Consolidated Stockholders' Equity

(in thousands)	As Previously Reported	Inventory Adjustments (1)	Receivables Adjustments (2)	Other Adjustments (3)	As Restated
Retained Deficit at March 31, 2012	\$(91,342)	\$(10,601)	\$(5,420)	\$ 2,457	\$(104,906)
Net Income	24,013	3,863	(2,994)	(969)	23,913
Retained Deficit at March 31, 2013	(67,329)	(6,738)	(8,414)	1,488	(80,993)
Net Income	(86,659)	(11,006)	(358)	(3,038)	(101,061)
Retained Deficit at March 31, 2014	(153,988)	(17,744)	(8,772)	(1,550)	(182,054)
Net Income	(15,425)	(13,899)	1,495	1,699	(26,130)
Retained Deficit at March 31, 2015	(169,413)	(31,643)	(7,277)	149	(208,184)

Accumulated Other Comprehensive Income (in thousands)	As Previously Reported	Inventory Adjustments (1)	Receivables Adjustments (2)	Other Adjustments (3)	As Restated
Other comprehensive loss, net of tax for twelve months ended March 31, 2013	\$(13,717)	\$ —	—	—	—
Pensions Net of Tax at March 31, 2013	(49,468)	—	—	(225)	(49,693)
Pensions Net of Tax at March 31, 2014	(36,461)	—	—	(225)	(36,686)
Pensions Net of Tax at March 31, 2015	(52,007)	—	—	(225)	(52,232)

(in thousands)	As Previously Reported	Inventory Adjustments (1)	Receivables Adjustments (2)	Other Adjustments (3)	As Restated
Total Stockholders' Equity at March 31, 2012	\$330,421	(10,601)	\$(5,420)	\$ 2,457	\$316,857
Net Income	24,712	3,863	(2,994)	(969)	24,612
Other comprehensive loss, net of tax	(16,519)	—	—	(225)	(16,744)
Total Stockholders' Equity at March 31, 2013	342,031	(6,738)	(8,414)	1,263	328,142
Net Loss	(87,002)	(11,006)	(358)	(3,038)	(101,404)
Total Stockholders' Equity at March 31, 2014	276,888	(17,744)	(8,772)	(1,775)	248,597
Net Loss	(15,597)	(13,899)	1,495	1,699	(26,302)
Total Stockholders' Equity at March 31, 2015	236,264	(31,643)	(7,277)	(76)	197,268

(1) Adjustments related to 1) improper accounting for shrinkage, deferred crop costs, lower of cost or market valuations and accurate inventory, and 2) costs of goods and services sold associated with improper revenue recognition.

(2) Adjustments related to improper revenue recognition.

(3) Adjustments for the previously identified immaterial accounting errors, primarily impacting inventories, costs of goods and services sold, income tax expense, and interest expense.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 1 – Significant Accounting Policies

Description of Business

The Company is principally engaged in purchasing, processing, storing, and selling leaf tobacco. The Company purchases tobacco primarily in the United States, Africa, Europe, South America and Asia for sale to customers primarily in the United States, Europe and Asia.

Basis of Presentation

The accounts of the Company and its consolidated subsidiaries are included in the consolidated financial statements after elimination of intercompany accounts and transactions. The Company uses the cost or equity method of accounting for its investments in affiliates that are owned 50% or less and are not variable interest entities where the Company is the primary beneficiary.

On March 26, 2014, the Company sold 51% of a Brazilian subsidiary to China Tobacco and reported its remaining 49% interest in the subsidiary under the equity method of accounting at March 31, 2014. As a result, the March 31, 2015 and 2014 Consolidated Balance Sheets do not include the assets and liabilities of this subsidiary. For the years ending March 31, 2014 and 2013, the Consolidated Statements of Operations include the results of operations for this subsidiary up to, and including, March 26, 2014. After March 26, 2014, results of operations for this subsidiary are reported in accordance with equity method accounting. See Note 10 “Equity in Net Assets of Investee Companies” to the “Notes to Consolidated Financial Statements” for further information.

The Company accounts for its investment in the Zimbabwe operations on the cost method and has been reporting it in Investments in Unconsolidated Affiliates in the Consolidated Balance Sheets since March 31, 2006. During fiscal year 2007, the Company wrote its investment in the Zimbabwe operations down to zero, however the Company continues to make advances and guarantees seasonal lines of credit on behalf of this entity. See Note 19 “Related Party Transactions” to the “Notes to Consolidated Financial Statements” for further information.

Investments in Unconsolidated Affiliates

The Company’s equity method investments and its cost method investments, including its Zimbabwe operations, are non-marketable securities. The Company reviews such investments for impairment whenever events or changes in circumstances indicate that the carrying amount of an investment may not be recovered. For example, the Company would test such an investment for impairment if the investee were to lose a significant customer, suffer a large reduction in sales margins, experience a major change in its business environment, or undergo any other significant change in its normal business. In assessing the recoverability of equity or cost method investments, the Company uses discounted cash flow models. If the fair value of an equity investee is determined to be lower than its carrying value, an impairment loss is recognized. The preparation of discounted future cash flow analysis requires significant management judgment with respect to future operating earnings growth rates and the selection of an appropriate discount rate. The use of different assumptions could increase or decrease estimated future operating cash flows, and the discounted value of those cash flows, and therefore could increase or decrease any impairment charge.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities. They also affect the 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 these estimates, and changes in these estimates are recorded when known. Estimates are used in

accounting for, among other things, pension and postretirement health care benefits, inventory market values, allowances for doubtful accounts and advances, bank loan guarantees to suppliers and unconsolidated subsidiaries, useful lives for depreciation and amortization, future cash flows associated with impairment testing for long-lived assets, deferred tax assets and uncertain income tax positions, intrastate tax credits in Brazil and fair value determinations of financial assets and liabilities including derivatives, securitized beneficial interests and counterparty risk. Changes in market and economic conditions, local tax laws, and other related factors are considered each reporting period, and adjustments to the accounts are made based on the Company's best judgment.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 1 - Significant Accounting Policies (continued)

Revenue Recognition

The Company recognizes revenue from the sale of tobacco when persuasive evidence of an arrangement exists, the price to the customer is fixed or determinable, collectibility is reasonably assured and title and risk of ownership is passed to the customer, which is upon shipment or delivery. The Company requires that all customer-specific acceptance provisions be met at the time title and risk of ownership passes to the customer. Furthermore, the Company's sales history indicates customer returns and rejections are not significant.

The Company also processes tobacco owned by its customers and revenue is recognized based on contractual terms as the service is provided. The revenue and cost associated with processing is recorded gross in the Statements of Consolidated Operations. The Company's history indicates customer requirements for processed tobacco are met upon completion of processing. In addition, advances from customers are deferred and recognized as revenue upon shipment or delivery.

Taxes Collected from Customers

Certain subsidiaries are subject to value added taxes on local sales. These amounts have been included in sales and cost of sales and were \$25,282, \$22,778 and \$26,040 for the years ended March 31, 2015, 2014 and 2013, respectively.

Shipping and Handling

Shipping and handling costs are included in cost of goods and services sold in the statement of operations.

Other Income

Other Income consists primarily of gains on sales of property, plant and equipment and assets held for sale. This caption also includes expenses related to the Company's sale of receivables. See Note 17 "Sale of Receivables" to the "Notes to Consolidated Financial Statements" for further information.

During the quarter ended March 31, 2014, the Company completed the formation of a new joint venture company in Brazil with the sale of 51% of a formerly wholly owned Brazilian subsidiary. The transaction consisted of receiving \$8,761 of cash in exchange for the sale of 51% of the shares of the subsidiary. The Company accounted for the transaction as a deconsolidation of a subsidiary, which required the Company's retained noncontrolling interest to be recorded at fair value, which equaled \$19,691. The carrying amount of the former subsidiary's assets and liabilities equaled \$7,553, which resulted in a gain of \$20,899 that was recorded in Other Income in the Statements of Consolidated Operations. During fiscal 2013, the Company recognized a non-cash benefit of \$24,142 for a Brazilian excise tax the Company used to offset Brazilian federal taxes payable in 2004 and 2005. The benefit recorded is based on a Brazilian court ruling on March 7, 2013. See Note 16 "Contingencies" to the "Notes to Consolidated Financial Statements" for further information.

The following table summarizes the significant components of Other Income.

	Years Ending March 31,		
	2015	2014	2013
Turkey other property sales	\$—	\$2,700	\$—
Brazil 51% subsidiary investment sale	—	20,899	—
Brazil excise tax benefit	—	—	24,142
Other sales of assets and expenses	8,815	2,138	4,892
Losses on sale of receivables	(7,425)	(6,977)	(8,313)

\$1,390 \$18,760 \$20,721

Cash and Cash Equivalents

Cash equivalents are defined as temporary investments of cash with original maturities of less than 90 days. At March 31, 2015 and 2014, cash and cash equivalents included \$599 and \$280 of customer funding that was restricted for social responsibility programs maintained by the Company. At March 31, 2015 and 2014, respectively, \$2,122 and \$444 of cash held on deposit as a compensating balance for short-term borrowings was included in Other Current Assets.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 1 - Significant Accounting Policies (continued)

Trade and Other Receivables

Trade and other receivables consist of \$185,256 of trade receivables and \$8,114 of other receivables at March 31, 2015. The balances at March 31, 2014 were \$156,715 and \$9,738 for trade receivables and other receivables, respectively.

Trade receivables are amounts owed to the Company from its customers. Trade receivables are recorded at invoiced amounts and primarily have net 30 day terms. The Company extends credit to its customers based on an evaluation of a company's financial condition and collateral is generally not required.

The Company maintains an allowance for doubtful accounts for estimated uncollectible accounts receivable. The allowance is based on the Company's assessment of known delinquent accounts, other currently available evidence of collectibility and the aging of accounts receivable. The Company's allowance for doubtful accounts was \$13,687 and \$3,161 at March 31, 2015 and 2014, respectively. The provision for doubtful accounts was \$12,446, \$551 and \$(163) for the years ending March 31, 2015, 2014 and 2013, respectively and is reported in Selling, General and Administrative Expenses in the Statements of Consolidated Operations.

Other receivables consist primarily of value added tax ("VAT") receivables of \$7,334 and \$6,932 at March 31, 2015 and 2014, respectively.

Other Deferred Charges

Other deferred charges are primarily deferred financing costs that are amortized over the life of long-term debt.

Sale of Accounts Receivable

The Company is currently engaged in three revolving trade accounts receivable securitization arrangements to sell receivables. The Company records the transaction as a sale of receivables, removes such receivables from its financial statements and records a receivable for the beneficial interest in such receivables. The losses on the sale of receivables are recognized in Other Income. As of March 31, 2015 and 2014, respectively, accounts receivable sold and outstanding were \$235,162 and \$204,364. See Note 17 "Sale of Receivables" and Note 18 "Fair Value Measurements" to the "Notes to Consolidated Financial Statements" for further information.

Inventories

Costs in inventory include processed tobacco inventory, unprocessed tobacco inventory and other inventory. Costs of unprocessed tobacco inventories are determined by the average cost method, which include the cost of green tobacco. Costs of processed tobacco inventories are determined by the average cost method, which include both the cost of unprocessed tobacco, as well as direct and indirect costs that are related to the processing of the product. Costs of other non-tobacco inventory are determined by the first-in, first-out method, which include costs of packing materials, non-tobacco agricultural products and agricultural supplies including seed, fertilizer, herbicides and pesticides.

Inventories are valued at the lower of cost or market ("LCM"). The Company evaluates its inventories for LCM adjustments by country and type of inventory. Therefore, processed tobacco and unprocessed tobacco are evaluated separately for LCM purposes. The Company compares the cost of its processed tobacco to market values based on recent sales of similar grades when evaluating those balances for LCM adjustments. The Company also considers whether its processed tobacco is committed to a customer, whereby the expected sales price would be utilized in determining the market value for committed tobacco. The Company also reviews data on market conditions in performing its LCM evaluation for unprocessed tobacco.

See Note 2 "Inventories" to the "Notes to Consolidated Financial Statements" for further information.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 1 - Significant Accounting Policies (continued)

Advances to Tobacco Suppliers

The Company purchases seeds, fertilizer, pesticides and other products related to growing tobacco and advances them to suppliers, which represents prepaid inventory and is recorded as advances to tobacco suppliers. The advances of current crop inputs generally include the original cost of the inputs plus a mark-up and interest as it is earned. Where contractually permitted, the Company charges interest to the suppliers during the period the current crop advance is outstanding. The Company generally advances the inputs at a price that is greater than its cost, which results in a mark-up on the inputs. The suppliers then utilize these inputs to grow tobacco, which the Company is contractually obligated to purchase. Upon delivery of tobacco, part of the purchase price to the supplier is paid in cash and part through a reduction of the advance balance. The advances applied to the delivery are reclassified out of advances and into unprocessed inventory. Advances to tobacco suppliers are accounted for utilizing a cost accumulation methodology.

The Company has current and noncurrent advances to tobacco suppliers. The current advances represent the cost of the seeds, fertilizer and other materials that are advanced for the current crop of inventory. The noncurrent advances generally represent the cost of advances to suppliers for infrastructure, such as curing barns, which is also recovered through the delivery of tobacco to the Company by the suppliers. As a result of various factors in a given crop year (weather, etc.) not all suppliers are able to settle the entire amount of advances that are due that year. In these situations, the Company may allow the suppliers to deliver tobacco over future crop years to recover its advances. The advance balances that are deferred over future crop years are also classified as noncurrent.

Advances to tobacco suppliers are carried at cost and evaluated for recoverability. The realizability evaluation process is similar to that of the LCM evaluation process for inventories. The Company evaluates its advances for recoverability by crop and country. The Company reclasses the advance to inventory at the time suppliers deliver tobacco. The purchase price for the tobacco delivered by the suppliers is based on market prices. Two primary factors determine the market value of the tobacco suppliers deliver: the quantity of tobacco delivered and the quality of the tobacco delivered. Therefore, the Company records its advances at the lower of cost or estimated recoverable amounts.

Upon delivery of tobacco, part of the purchase price to the supplier is paid in cash and part through a reduction of the advance balance. If a sufficient value of tobacco is not delivered to allow the reduction of the entire advance balance, then the Company first determines how much of the deficiency for the current crop is recoverable through future crops. This determination is made by analyzing the suppliers' ability-to-deliver a sufficient supply of tobacco. This analysis includes historical quantity and quality of production with monitoring of crop information provided by field service technicians related to flood, drought and disease. The remaining recoverable advance balance would then be classified as noncurrent. Any increase in the estimate of unrecoverable advances associated with the noncurrent portion is charged to cost of goods and services sold in the income statement when determined. Amounts not expected to be recovered through current or future crops are then evaluated to determine whether the yield is considered to be normal or abnormal. If the yield adjustment is normal, then the Company capitalizes the applicable variance in the current crop of inventory. If the yield adjustment is considered abnormal, then the Company immediately charges the applicable variance to cost of goods and services sold in the income statement. A normal yield adjustment is based on the range of unrecoverability for the previous three years by country.

The Company accounts for its advances to tobacco suppliers using a cost accumulation model, which results in the reporting of its advances at the lower of cost or recoverable amounts exclusive of the mark-up and interest. The mark-up and interest on its advances are recognized upon delivery of tobacco as a decrease in the cost of the current crop. The mark-up and interest capitalized or to be capitalized into inventory for the current crop was \$19,823 and

\$18,180 as of March 31, 2015 and 2014, respectively. Unrecoverable advances and other costs capitalized or to be capitalized into the current crop was \$11,404 and \$15,345 at March 31, 2015 and 2014, respectively. The following table reflects the classification of advances to tobacco suppliers:

	March 31, 2015	March 31, 2014
Current	\$37,767	\$48,708
Noncurrent	3,758	6,420
	\$41,525	\$55,128

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 1 - Significant Accounting Policies (continued)

Advances to Tobacco Suppliers (continued)

Noncurrent advances to tobacco suppliers are recorded in Other Noncurrent Assets in the Consolidated Balance Sheets.

Unrecovered amounts expensed directly to cost of goods and services sold in the income statement for abnormal yield adjustments or unrecovered amounts from prior crops were \$1,085, \$11,587 and \$1,750 for the years ended March 31, 2015, 2014 and 2013, respectively. Normal yield adjustments are capitalized into the cost of the current crop and are expensed as cost of goods and services sold as that crop is sold.

Guarantees

The Company and certain of its foreign subsidiaries guarantee bank loans to suppliers to finance their crops. Under longer-term arrangements, the Company may also guarantee financing on suppliers' construction of curing barns or other tobacco production assets. Guaranteed loans are generally repaid concurrent with the delivery of tobacco to the Company. The Company is obligated to repay any guaranteed loan should the supplier default. If default occurs, the Company has recourse against the supplier. The Company also guarantees bank loans of certain unconsolidated subsidiaries in Asia, Brazil and Zimbabwe. The following table summarizes amounts guaranteed and the fair value of those guarantees:

	March 31, 2015	March 31, 2014
Amounts guaranteed (not to exceed)	\$300,557	\$301,870
Amounts outstanding under guarantee	185,486	218,847
Fair value of guarantees	8,650	7,344

Of the guarantees outstanding at March 31, 2015, all expire within one year. The fair value of guarantees is recorded in Accrued Expenses and Other Current Liabilities in the Consolidated Balance Sheets and included in crop costs except for Zimbabwe and the joint venture in Brazil which are included in Accounts Receivable, Related Parties.

In Brazil, some suppliers obtain government subsidized rural credit financing from local banks that is guaranteed by the Company. The Company withholds amounts owed to suppliers related to the rural credit financing of the supplier upon delivery of tobacco to the Company. The Company remits payments to the local banks on behalf of the guaranteed suppliers. Terms of rural credit financing are such that repayment is due to local banks based on contractual due dates. As of March 31, 2015 and 2014, respectively, the Company had balances of \$16,412 and \$26,076 that were due to local banks on behalf of suppliers. These amounts are included in Accounts Payable in the Consolidated Balance Sheets.

Goodwill and Other Intangibles

Goodwill represents the excess of purchase price over fair value of net assets acquired, and is allocated to the appropriate reporting unit when acquired. Goodwill is not amortized; rather it is evaluated for impairment annually or whenever events or changes in circumstances indicate that the value of the asset may be impaired. Goodwill is evaluated for impairment by determining the fair value of the related reporting unit. Fair value is measured based on a discounted cash flow method or relative market-based approach. If the carrying amount of goodwill exceeds its fair value, an impairment charge is recorded.

The Company has no intangible assets with indefinite useful lives. It does have other intangible assets, production and supply contracts and a customer relationship intangible asset as well as internally developed software that is capitalized into intangibles. These intangible assets are stated at amortized cost and tested for impairment whenever factors indicate the carrying amount may not be recoverable. Supply contracts are amortized based on the expected realization of the benefit over the term of the contracts ranging from 3 to 5 years. Production contracts and the customer relationship intangible are both amortized on a straight-line basis ranging from five to ten years and twenty years, respectively. The amortization period is the term of the contract or, if no term is specified in the contract, management's best estimate of the useful life based on past experience. Internally developed software is amortized on a straight-line basis over five years once the software testing is complete. Events and changes in circumstance may either result in a revision in the estimated useful life or impairment of an intangible resulting in revaluation of the asset value to its fair value. See Note 5 "Goodwill and Other Intangibles" to the "Notes to Consolidated Financial Statements" for further information.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 1 - Significant Accounting Policies (continued)

Other Noncurrent Assets

For the year ended March 31, 2015, other noncurrent assets consist primarily of long-term VAT and intrastate tax receivables of \$8,098, long-term advances to suppliers of \$3,758 and cash surrender value of life insurance of \$7,076. For the year ended March 31, 2014, other noncurrent assets consist primarily of long-term VAT and intrastate tax receivables of \$15,601, long-term advances to suppliers of \$6,420 and cash surrender value of life insurance of \$7,903.

Property, Plant and Equipment

Property, plant and equipment at March 31, 2015 and 2014, are summarized as follows:

	2015	2014
Land	\$21,564	\$31,517
Buildings	170,937	183,175
Machinery and equipment	173,670	201,444
Total	366,171	416,136
Less accumulated depreciation	(128,257)	(154,962)
Total property, plant and equipment, net	\$237,914	\$261,174

Property, plant and equipment is stated at cost less accumulated depreciation. Provisions for depreciation are computed on a straight-line basis at annual rates calculated to amortize the cost of depreciable properties over their estimated useful lives. Buildings and machinery and equipment are depreciated over ranges of 20 to 30 years and 3 to 10 years, respectively. The consolidated financial statements do not include fully depreciated assets. Depreciation expense recorded in Cost of Goods and Services Sold for the years ended March 31, 2015, 2014 and 2013 was \$24,179, \$25,706 and \$25,939, respectively. Depreciation expense recorded in Selling, General and Administrative Expense for the years ended March 31, 2015, 2014 and 2013 was \$2,998, \$3,209 and \$3,112, respectively. Total property and equipment purchases, including internally developed software intangibles, were \$22,673 for the year ended March 31, 2015 of which \$1,024 was unpaid at March 31, 2015 and included in Accounts Payable; \$27,755 for the year ended March 31, 2014 of which \$4,322 was unpaid at March 31, 2014 and included in Accounts Payable; and \$42,803 for the year ended March 31, 2013 of which \$2,743 was unpaid at March 31, 2013 and included in Accounts Payable. Estimated useful lives are periodically reviewed and changes are made to the estimated useful lives when necessary. Long-lived assets are reviewed for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The evaluation is performed at the lowest level of identifiable cash flows. An impairment loss would be recognized when estimated undiscounted future cash flows from the use of the asset and its eventual disposition are less than its carrying amount. Measurement of an impairment loss would be based on the excess of the carrying amount of the asset over its fair value. Fair value is the amount at which the asset could be bought or sold in a current transaction between willing parties and may be estimated using a number of techniques, including quoted market prices or valuations, present value techniques based on estimates of cash flows, or multiples of earnings or revenue performance measures.

Derivative Financial Instruments

The Company uses forward or option currency contracts to protect against volatility associated with certain non-U.S. dollar denominated forecasted transactions. The contracts do not qualify for hedge accounting as defined by generally accepted accounting principles. As a result, the Company has recorded losses of \$3,123, \$1,468 and \$14,287 in its

Cost of Goods and Services Sold for the years ended March 31, 2015, 2014 and 2013, respectively. See Note 6 "Derivative and Other Financial Instruments" to the "Notes to Consolidated Financial Statements" for further information.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 1 - Significant Accounting Policies (continued)

Income Taxes

The Company uses the asset and liability method to account for income taxes. The objective of the asset and liability method is to establish deferred tax assets and liabilities for the temporary differences between the financial reporting basis and the income tax basis of the Company's assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized or settled.

The Company's annual tax rate is based on its income, statutory tax rates and tax planning opportunities available to it in the various jurisdictions in which it operates. Tax laws are complex and subject to different interpretations by the taxpayer and respective governmental taxing authorities. Significant judgment is required in determining tax expense and in evaluating tax positions, including evaluating uncertainties. The Company reviews its tax positions quarterly and adjusts the balances as new information becomes available.

Deferred income tax assets represent amounts available to reduce income taxes payable on taxable income in future years. Such assets arise because of temporary differences between the financial reporting and tax bases of assets and liabilities, as well as from net operating loss and tax credit carryforwards. The Company evaluates the recoverability of these future tax deductions by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. These sources of income inherently rely on estimates. The Company uses historical experience and short and long-range business forecasts to provide insight. The Company believes it is more likely than not that a portion of the deferred income tax assets may expire unused and has established a valuation allowance against them. Although realization is not assured for the remaining deferred income tax assets, the Company believes it is more likely than not the deferred tax assets will be fully recoverable within the applicable statutory expiration periods. However, deferred tax assets could be reduced in the near term if estimates of taxable income are significantly reduced or available tax planning strategies are no longer viable. See Note 12 "Income Taxes" to the "Notes to Consolidated Financial Statements" for further information.

Stock-Based Compensation

The Company expenses the fair value of grants of various stock-based compensation programs at fair value over the vesting period of the awards. The fair value of stock options is estimated at the date of grant using the Black-Scholes-Merton option valuation model which was developed for use in estimating the fair value of exchange traded options that have no vesting restrictions and are fully transferable. Option valuation methods require the input of highly subjective assumptions, including the expected stock price volatility. See Note 11 "Stock-Based Compensation" to the "Notes to Consolidated Financial Statements" for further information.

New Accounting Standards

Recently Adopted Accounting Pronouncements

On April 1, 2014, the Company adopted new accounting guidance on the financial presentation of an unrecognized tax benefit when a net operating loss ("NOL") carryforward, a similar tax loss, or a tax credit carryforward exists. Companies are required to report an unrecognized tax benefit as a reduction in a deferred tax asset for a NOL or tax credit carryforward whenever the NOL or tax credit carryforward would be available to reduce the additional taxable income or tax due if the tax position is disallowed. The adoption of this new accounting guidance had no material impact on the Company's financial condition or results of operations.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 1 - Significant Accounting Policies (continued)

Recent Accounting Pronouncements Not Yet Adopted

In May 2014, the Financial Accounting Standards Board ("FASB") issued new accounting guidance that outlines a single comprehensive model to use in accounting for revenue from contracts with customers. The primary objective of this accounting guidance is to recognize revenue that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. This accounting guidance is effective for the Company on April 1, 2017. The Company is currently evaluating the impact of this new guidance and it may have a material impact on its financial condition or results of operations.

In August 2014, the FASB issued new accounting guidance on determining when and how to disclose going concern uncertainties in the financial statements. The primary objective of this accounting guidance is for management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued and provide certain disclosures if conditions or events raise substantial doubt about the entity's ability to continue as a going concern. This accounting guidance is effective for the Company on March 31, 2017. The Company is currently evaluating the impact of this new guidance and does not expect it to have a material impact on its financial condition or results of operations.

Computation of Earnings (Loss) Per Common Share

Years Ended March 31,

(in
thousands,

except 2015 per share data)	2014	2013
BASIC EARNINGS (LOSS)		
Net income (loss) attributable		
to (26,130)	\$(101,061)	\$23,913

Alliance

One

International,

Inc.

SHARES

8,772

Average

Number

of

Shares			
Outstanding			
BASIC			
EARNINGS			
\$(296))	\$(11.52)		\$2.74
PER			
SHARE			
DILUTED			
EARNINGS			
(LOSS)			
Net			
income			
(loss)			
attributable			
\$(26,130)	\$(101,061)		\$23,913
Alliance			
One			
International,			
Inc.			
Plus			
interest			
expense			
on			
5			
1/2% * —			* 4,100
convertible			
notes,			
net			
of			
tax			
Net			
income			
(loss)			
attributable			
to			
\$(26,130)	\$(101,061)		\$28,013
Alliance			
One			
International,			
Inc.			
as			
adjusted			
SHARES			
Weighted			
average			
number			
8,829	8,772		8,737
of			
shares			
outstanding			
—Plus: * —			* 36
Restricted			

shares
issued
and
shares
applicable
to
stock
options

and
restricted
stock
units,
net
of
shares
assumed
to
be

purchased
from
proceeds
at
average
market
price

Assuming
conversion
of
5- * — * 2,287
½%
convertible
notes

Shares
applicable
to ** — ** — **
stock
warrants

Adjusted
weighted
average
8,820 8,772 11,060
of
shares

outstanding
DILUTED
EARNINGS
(0.96) \$(11.52) \$2.53
PER
SHARE

* Assumed conversion of convertible notes at the beginning of the period has an antidilutive effect on earnings (loss) per share. All outstanding restricted shares and shares applicable to stock options and restricted stock units are

excluded because their inclusion would have an antidilutive effect on the loss per share.

For the year ended March 31, 2015, 2014 and 2013, the warrants were not assumed exercised because the exercise price was more than the average price for the period. The warrants began expiring October 15, 2014. They will be fully expired on April 8, 2015.

The weighted average number of common shares outstanding is reported as the weighted average of the total shares of common stock outstanding net of shares of common stock held by a wholly owned subsidiary. Shares of common stock owned by the subsidiary were 785 at March 31, 2015 and 2014. This subsidiary waives its right to receive dividends and it does not have the right to vote. After the close of business on June 26, 2015, the Company effected a one-for-ten reverse split of its common stock. Accordingly, share and per share amounts presented in this Form 10-K/A have been adjusted for this reverse split.

Certain potentially dilutive options were not included in the computation of earnings per diluted share because their exercise prices were greater than the average market price of the shares of common stock during the period and their effect would be antidilutive. These shares totaled 661 at a weighted average exercise price of \$60.37 per share at March 31, 2015, 688 at a

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries

(in thousands)

Note 1 - Significant Accounting Policies (continued)

Computation of Earnings (Loss) Per Common Share (continued)

weighted average exercise price of \$60.45 per share at March 31, 2014 and 701 at a weighted average exercise price of \$60.49 per share at March 31, 2013.

In connection with the offering of the Company's 5.50% Convertible Senior Subordinated Notes due 2014, issued on July 2, 2009 (the "Convertible Notes"), the Company entered into privately negotiated convertible note hedge transactions (the "convertible note hedge transactions") equal to the number of shares that underlie the Company's Convertible Notes. These convertible note hedge transactions were designed to reduce the potential dilution of the Company's common stock upon conversion of the Convertible Notes in the event that the value per share of common stock exceeds the initial conversion price of \$50.28 per share. These shares were not included in the computation of earnings per diluted share because their inclusion would be antidilutive. The Convertible Notes matured during the second quarter of fiscal 2015.

Other Comprehensive Income (Loss)

The following tables set forth the changes in each component of accumulated other comprehensive income (loss), net of tax, attributable to the Company:

	Currency Translation Adjustment	Pensions, Net of Tax	Accumulated Other Comprehensive Income (Loss)
Balances, March 31, 2012	\$ (2,922)	\$(35,751)	\$ (38,673)
Other comprehensive losses before reclassifications	(2,802)	(13,716)	(16,518)
Amounts reclassified to net income, net of tax	—	(226)	(226)
Other comprehensive losses, net of tax	(2,802)	(13,942)	(16,744)
Balances, March 31, 2013	(5,724)	(49,693)	(55,417)
Other comprehensive income before reclassifications	4,084	10,129	14,213
Amounts reclassified to net loss, net of tax	—	2,878	2,878
Other comprehensive income, net of tax	4,084	13,007	17,091
Balances, March 31, 2014	(1,640)	(36,686)	(38,326)
Other comprehensive losses before reclassifications	(12,514)	(16,257)	(28,771)
Amounts reclassified to net loss, net of tax	—	711	711
Other comprehensive losses, net of tax	(12,514)	(15,546)	(28,060)
Balances, March 31, 2015	\$ (14,154)	\$(52,232)	\$ (66,386)

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 1 - Significant Accounting Policies (continued)

Other Comprehensive Income (Loss) (continued)

The following table sets forth amounts by component, reclassified from accumulated other comprehensive income (loss) to net income (loss) for the years ended March 31, 2015, 2014 and 2013:

	Years Ended March 31,		
	2015	2014	2013
Pension and postretirement plans *:			
Actuarial loss	\$3,092	\$4,436	\$1,437
Amortization of prior service cost (credit)	(2,213)	(1,369)	(1,549)
Deferred income tax benefit	(168)	(189)	(114)
Amounts reclassified from accumulated other comprehensive income (loss) to net income (loss)	\$711	\$2,878	\$(226)

* Amounts are included in net periodic benefit costs for pension and postretirement plans.

Concentration of Credit Risk

The Company may potentially be subject to a concentration of credit risks due to tobacco supplier advances and trade receivables relating to customers in the tobacco industry as well as cash which is deposited with high-credit-quality financial institutions. See Note 14 "Segment Information" to the "Notes to Consolidated Financial Statements" for further information of particular concentrations.

Preferred Stock

The Board of Directors is authorized to issue shares of Preferred Stock in series with variations as to the number of shares in any series. The Board of Directors also is authorized to establish the rights and privileges of such shares issued, including dividend and voting rights. At March 31, 2015, 10,000 shares of preferred stock were authorized and no shares had been issued.

Note 2 – Inventories

	March 31, 2015	March 31, 2014
Processed tobacco	\$490,674	\$395,661
Unprocessed tobacco	206,760	303,734
Other	43,509	44,274
	\$740,943	\$743,669

See Note 1 "Significant Accounting Policies - Inventories" to the Notes to Consolidated Financial Statements for further information on the costs that comprise the inventory balances and the LCM testing methodologies.

The Company recorded LCM adjustments of \$7,533, \$6,314 and \$3,724 for the years ended March 31, 2015, 2014 and 2013, respectively.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 3 – Variable Interest Entities

The Company holds variable interests in seven joint ventures that are accounted for under the equity method of accounting. These joint ventures procure inventory on behalf of the Company and the other joint venture partners. The variable interests relate to equity investments and advances made by the Company to the joint ventures. In addition, the Company also guarantees two of its joint ventures' borrowings which also represent a variable interest in those joint ventures. The Company is not the primary beneficiary, as it does not have the power to direct the activities that most significantly impact the economic performance of the entities as a result of the entities' management and board of directors structure. Therefore, these entities are not consolidated. At March 31, 2015 and 2014, the Company's investment in these joint ventures was \$53,678 and \$50,390, respectively and is classified as Investments in Unconsolidated Affiliates in the Consolidated Balance Sheets. The Company's advances to these joint ventures were \$3,293 and \$10 at March 31, 2015 and 2014, respectively, and are classified as Accounts Receivable, Related Parties in the Consolidated Balance Sheets. The Company guaranteed an amount to two joint ventures not to exceed \$105,983 and \$142,904 at March 31, 2015 and 2014, respectively. The investments, advances and guarantees in these joint ventures represent the Company's maximum exposure to loss.

Note 4 – Restructuring and Asset Impairment Charges

During the quarter ended March 31, 2015, the Company announced the first phase of a global restructuring plan focusing on efficiency and cost improvements. The Company reviewed origin and corporate operations and initiatives were implemented to increase operational efficiency and effectiveness. As a result total charges of \$8,612 were incurred in connection with the reduction in the global workforce. These initiatives will continue to occur as the Company restructures certain operations not meeting strategic business objectives and performance metrics in future periods. At March 31, 2015, the costs of these future initiatives are not estimable. As a result of constructing a new U.S. cut rag facility with state of the art machinery and equipment, the Company recorded a \$500 asset impairment charge for certain machinery and equipment at the previous facility during the year ended March 31, 2015.

In prior fiscal years, the Company implemented several strategic initiatives in response to shifts in supply and demand balances and changing business models of its customers. These initiatives were substantially complete at March 31, 2014. The Company continued to focus on improving factory efficiencies and other core components of its business. As part of this focus, the Company agreed to a joint processing venture in one of its foreign locations during the three months ended June 30, 2013. As a result, the Company recorded pretax charges of \$2,745 in connection with the reduction in workforce including the effect on the Company's defined benefit pension plans of \$1,261 during the year ended March 31, 2014. Asset impairment charges of \$756 were recorded for certain processing equipment in connection with the new venture as of March 31, 2014. As the Company continued to respond to changes in its business, additional employee separation charges of \$791 and asset impairment charges of \$819 were incurred during the year ended March 31, 2014.

The following table summarizes the restructuring actions as of March 31, 2015, 2014 and 2013:

	Years Ended March 31,		
	2015	2014	2013
Restructuring and Asset Impairment Charges			
Employee separation and other cash charges:			
Beginning balance	\$397	\$668	\$1,960
Period Charges:			
Employee separation charges (recoveries)	8,612	2,275	(55)

Other cash charges	6	—	—
Total employee separation and other cash charges (recoveries)	8,618	2,275	(55)
Payments through March 31	(928)	(2,546)	(1,237)
Ending balance March 31	\$8,087	\$397	\$668
Asset impairment and other non-cash charges	500	2,836	—
Total restructuring and asset impairment charges (recoveries)	\$9,118	\$5,111	\$(55)

The following table summarizes cash payments for employee separation and other cash charges (recoveries) for the years ended March 31, 2015, 2014 and 2013.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries

(in thousands)

Note 4 – Restructuring and Asset Impairment Charges (continued)

	Year Ending March 31,			Total Payments
	2015	2014	2013	
Cash Payments by Year				
Employee separation and other cash charges (recoveries)	\$8,618	\$2,275	\$(55)	
Adjustments to employee separation and other cash charges	—	—	186	*
Cash paid 2013	—	—	—	\$—
Cash paid 2014	—	(2,064)	—	\$(2,064)
Cash paid 2015	(531)	(211)	(186)	\$(928)
Adjustment	—	—	55	
Balances at March 31, 2015	\$8,087	\$—	\$—	

* Beginning balance for the year ended March 31, 2013.

The following table summarizes the employee separation and other cash charges recorded in the Company's North America and Other Regions segments as of March 31, 2015, 2014 and 2013:

	Years Ended March 31,		
	2015	2014	2013
Employee Separation and Other Cash Charges			
Beginning balance:	\$397	\$668	\$1,960
North America	—	8	49
Other regions	397	660	1,911
Period charges:	\$8,618	\$2,275	\$(55)
North America	—	147	—
Other regions	8,618	2,128	(55)
Payments through March 31:	\$(928)	\$(2,546)	\$(1,237)
North America	—	(155)	(41)
Other regions	(928)	(2,391)	(1,196)
Ending balance March 31:	\$8,087	\$397	\$668
North America	—	—	8
Other regions	8,087	397	660

Non-cash charges related to North America were \$500 during the year ended March 31, 2015. Non-cash charges related to the Other Regions segment were \$2,836 during the year ended March 31, 2014. There were no non-cash charges for the year ended March 31, 2013.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 5 – Goodwill and Other Intangibles

The Company tests the carrying amount of goodwill annually as of the first day of the last quarter of the fiscal year and whenever events or circumstances indicate that impairment may have occurred. The Company evaluated its goodwill for impairment during fiscal 2015, 2014 and 2013 and determined that the fair value of each reporting unit is substantially in excess of its carrying value including goodwill.

The carrying value of other intangible assets as of March 31, 2015 represents customer relationship, production and supply contracts and internally developed software. These intangible assets were determined by management to meet the criterion for recognition apart from goodwill and have finite lives. The Company uses judgment in assessing whether the carrying amount of its intangible assets is not expected to be recoverable over their estimated remaining useful lives. Amortization expense associated with these intangible assets was \$3,532, \$4,632 and \$5,370 for the years ended March 31, 2015, 2014 and 2013, respectively and is recorded in Selling, General and Administrative Expenses except for production and supply contracts which is recorded against the associated revenues.

The Company has no intangible assets with indefinite useful lives. It does have intangible assets which are amortized. The following table summarizes the changes in the Company's goodwill and other intangibles for the years ended March 31, 2015, 2014 and 2013.

Goodwill and Intangible Asset Rollforward:

	Goodwill (1)	Amortizable Intangibles			Total
		Customer Relationship Intangible	Production and Supply Contract Intangibles	Internally Developed Software Intangible	
Weighted average remaining useful life in years as of March 31, 2015	10	5.75	—		
March 31, 2013 balance:					
Gross carrying amount	\$ 2,794	\$33,700	\$ 7,893	\$ 16,918	\$61,305
Accumulated amortization	—	(13,269)	(3,657)	(12,908)	(29,834)
Net March 31, 2013 balance	2,794	20,431	4,236	4,010	31,471
Additions	—	—	7,000	886	7,886
Amortization expense	—	(1,685)	(1,095)	(1,852)	(4,632)
Net March 31, 2014 balance	2,794	18,746	10,141	3,044	34,725
Additions	—	—	—	698	698
Amortization expense	—	(1,685)	(1,034)	(813)	(3,532)
Net March 31, 2015 balance	\$ 2,794	\$17,061	\$ 9,107	\$ 2,929	\$31,891

(1) Goodwill of \$2,794 relates to the North America segment.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 5 – Goodwill and Other Intangibles (continued)

The following table summarizes the estimated intangible asset amortization expense for the next five years and beyond:

For Fiscal Years Ended	Customer Relationship Intangible	Production and Supply Contract Intangible	Internally Developed Software Intangible *	Total
2016	\$ 1,685	\$ 2,459	\$ 1,277	\$5,421
2017	1,685	1,405	740	3,830
2018	1,685	1,403	512	3,600
2019	1,685	1,397	259	3,341
2020	1,685	1,396	141	3,222
Later	8,636	1,047	—	9,683
	\$ 17,061	\$ 9,107	\$ 2,929	\$29,097

* Estimated amortization expense for the internally developed software is based on costs accumulated as of March 31, 2015.

These estimates will change as new costs are incurred and until the software is placed into service in all locations.

Note 6 – Derivative and Other Financial Instruments

Fair Value of Derivative Financial Instruments

The Company recognizes all derivative financial instruments, such as foreign exchange contracts at fair value. Changes in the fair value of derivative financial instruments are either recognized periodically in income or in shareholders' equity as a component of other comprehensive income depending on whether the derivative financial instrument qualifies for hedge accounting, and if so, whether it qualifies as a fair value hedge or a cash flow hedge. The Company has elected not to offset fair value amounts recognized for derivative instruments with the same counterparty under a master netting agreement. See Note 18 "Fair Value Measurements" to the "Notes to Consolidated Financial Statements" for further information of fair value methodology. The following table summarizes the fair value of the Company's derivatives by type at March 31, 2015 and 2014.

	Fair Values of Derivative Instruments	
Derivatives Not Designated as Hedging Instruments Under ASC 815:	Balance Sheet Account	Fair Value
Foreign currency contracts at March 31, 2015	Current Derivative Asset	\$1,373
Foreign currency contracts at March 31, 2014	Current Derivative Liability	\$169

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 6 – Derivative and Other Financial Instruments (continued)

Earnings Effects of Derivatives

The Company has entered into forward or option currency contracts to protect against volatility associated with certain non-U.S. dollar denominated forecasted transactions. These contracts are for green tobacco purchases and processing costs as well as selling, general and administrative costs as the Company deems necessary. These contracts do not meet the requirements for hedge accounting treatment under generally accepted accounting principles, and as such, changes in fair value are reported in income each period.

The following table summarizes the earnings effects of derivatives in the statements of consolidated operations for the years ending March 31, 2015, 2014, and 2013.

Derivatives Not Designated as Hedging Instruments Under ASC 815:	Location of Gain (Loss) Recognized in Income (Loss)	Gain (Loss) Recognized in Income (Loss)		
		2015	2014	2013
Foreign currency contracts	Cost of Goods and Services Sold	\$(3,123)	\$(1,468)	\$(14,287)

Credit Risk

Financial instruments, including derivatives, expose the Company to credit loss in the event of non-performance by counterparties. The Company manages its exposure to counterparty credit risk through specific minimum credit standards, diversification of counterparties, and procedures to monitor concentrations of credit risk. If a counterparty fails to meet the terms of an arrangement, the Company's exposure is limited to the net amount that would have been received, if any, over the arrangement's remaining life. The Company does not anticipate non-performance by the counterparties and no material loss would be expected from non-performance by any one of such counterparties.

Note 7 – Short-Term Borrowing Arrangements

Excluding all long-term credit agreements, the Company has lines of credit arrangements with a number of banks under which the Company may borrow up to a total of \$795,746 and \$773,471 at March 31, 2015 and 2014, respectively. The weighted average variable interest rate for the years ending March 31, 2015 and 2014 was 5.1% and 4.3%, respectively. At March 31, 2015 and 2014, amounts outstanding under the lines were \$330,254 and \$212,669, respectively. Unused lines of credit at March 31, 2015 amounted to \$448,265 (\$544,869 at March 31, 2014), net of \$17,227 of letters of credit. Certain non-U.S. borrowings of approximately \$61,820 and \$18,598 have inventories of \$56,210 and \$17,415 as collateral at March 31, 2015 and 2014, respectively. At March 31, 2015 and 2014, respectively, \$2,122 and \$444 were held on deposit as a compensating balance.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries

(in thousands)

Note 8 – Long-Term Debt

Senior Secured Credit Facility

On August 1, 2013, the agreement governing the Company's senior secured credit facility was amended and restated to provide for a senior secured revolving credit facility with a syndicate of banks of approximately \$303,900, that automatically reduced to approximately \$210,300 on April 15, 2014, and will mature in April 15, 2017. The senior secured credit facility was subject to a springing maturity on April 15, 2014 if by that date the Company had not deposited in the Blocked Account (as defined below) sufficient amounts to fund the repayment at maturity of all then outstanding 5½% Convertible Senior Subordinated Notes due 2014 of the Company (the "Convertible Notes"). The Company deposited the requisite amount in the Blocked Account prior to April 15, 2014. Borrowings under the amended and restated senior secured credit facility initially bear interest at an annual rate of LIBOR plus 3.75% and base rate plus 2.75%, as applicable, though the interest rate under the amended and restated senior secured credit facility is subject to increase or decrease according to the Company's consolidated interest coverage ratio.

The agreement governing the senior secured credit facility required the Company to deposit with the lenders, in a segregated account that the Company may not use other than for specified purposes (the "Blocked Account"), the net proceeds from the sale of \$735,000 in aggregate principal amount of the Company's 9.875% Senior Secured Second Lien Notes due 2021 (the "Second Lien Notes") that were not immediately applied to redeem all of the Company's outstanding 10% Senior Notes due 2016 (the "Senior Notes"). Amounts held in the Blocked Account may be used solely to purchase any and all Convertible Notes tendered in the Company's cash tender offer to purchase up to \$60,000 in aggregate principal amount of the Convertible Notes commenced on July 17, 2013 (the "Convertible Notes Tender Offer") and, subject to conditions, to retire any remaining Convertible Notes not purchased in the Convertible Notes Tender Offer, including repayment at maturity. All amounts deposited in the Blocked Account from the net proceeds of the sale of the Second Lien Notes were applied to the purchase of Convertible Notes in the Convertible Notes Tender Offer. Borrowings under the amended and restated senior secured credit facility are secured by a first priority lien on specified property of the Company, including the capital stock of specified subsidiaries, all U.S. accounts receivable, certain U.S. inventory, intercompany notes evidencing loans or advances, certain U.S. fixed assets and the Blocked Account.

First amendment. On May 30, 2014, the Company entered into the First Amendment to the Amended and Restated Credit Agreement (the "First Amendment"), which amended the credit agreement (the "Credit Agreement") governing the Company's senior secured credit facility. The First Amendment modified the definition of Consolidated EBIT to permit add backs in connection with dispositions of, and investments in, certain subsidiaries and permitted joint ventures and certain other accounting adjustments, modified the Minimum Consolidated Interest Coverage Ratio to 1.85 to 1.00 for the period ending March 31, 2014 and 1.70 to 1.00 for the periods ending June 30, 2014, September 30, 2014, December 31, 2014 and March 31, 2015, modified the Maximum Consolidated Leverage Ratio to 7.25 to 1.00 for the period ending June 30, 2014 and 7.50 to 1.00 for the period ending September 30, 2014 and increased the basket to \$200,000 for permitted Guaranty Obligations that can be incurred by the Company and its subsidiaries with respect to indebtedness of China Brasil Tabacos Exportadora Ltda. (which is the joint venture entity with China Tobacco in Brazil) while striking the requirement that such Guaranty Obligations of the Company and its subsidiaries may not exceed the percentage of the Company's direct or indirect ownership of China Brasil Tabacos Exportadora Ltda. in relation to all Guaranty Obligations with respect to Indebtedness of China Brasil Tabacos Exportadora Ltda.

Second amendment. On February 6, 2015, the Company entered into the Second Amendment to Amended and Restated Credit Agreement (the "Second Amendment"), which amended the Credit Agreement. The Second

Amendment modified the Minimum Consolidated Interest Coverage Ratio (as defined in the Credit Agreement) to 1.50 to 1.00 for the period ended December 31, 2014 and the period ended March 31, 2015 and modified the Maximum Consolidated Leverage Ratio (as defined in the Credit Agreement) to 7.90 to 1.00 for the period ended December 31, 2014.

Third Amendment. On June 2, 2015, the Company entered into the Third Amendment to the Amended and Restated Credit Agreement (the "Third Amendment"), which amended the Credit Agreement. The Third Amendment modified the definition of Consolidated EBIT to permit add backs for specified periods for reserves taken with respect to receivables, restructuring charges and adjustments for applying the rule of lower of cost or market to inventories, modified the Minimum Consolidated Interest Coverage Ratio to 1.60 to 1.00 for the periods ending June 30, 2015 and September 30, 2015, 1.65 to 1.00 for the period ending December 31, 2015 and 1.70 to 1.00 for the period ending March 31, 2016, modified the Maximum Consolidated Leverage Ratio to 7.60 to 1.00 for the periods ending June 30, 2015 and September 30, 2015 and 7.15 to 1.00 for the period ending December 31, 2015, modified the restricted payments covenant to permit repayment of the Company's Senior Secured Second Lien Notes by up to \$50,000 in any fiscal year, with carry forward of any unused amount into the next fiscal year, modified a covenant to provide a 90-day cure period if Uncommitted Inventories (as defined in the Credit Agreement) exceed the threshold of \$250,000, but only to the extent that they do not exceed \$285,000, and provides for first-lien mortgages on the Company's facilities located in Farmville, King and Wilson, North Carolina.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 8 – Long-Term Debt (continued)

Senior Secured Credit Facility (continued)

Financial covenants. After giving effect to the First Amendment, the Second Amendment and the Third Amendment to the Amended and Restated Credit Agreement, the financial covenants and required financial ratios at March 31, 2015 are as follows:

- a minimum consolidated interest coverage ratio of not less than 1.50 to 1.00 for the fiscal quarter ended March 31, 2015 (1.60 to 1.00 for the fiscal quarters ending June 30, 2015 and September 30, 2015, 1.65 to 1.00 for the fiscal quarter ending December 31, 2015 and 1.70 to 1.00 for the fiscal quarter ending March 31, 2016);
- a maximum consolidated leverage ratio specified for each fiscal quarter, which ratio is 5.85 to 1.00 for the fiscal quarter ended March 31, 2015 (7.60 to 1.00 for the fiscal quarters ending June 30, 2015 and September 30, 2015, 7.15 to 1.00 for the fiscal quarter ending December 31, 2015, and 5.85 to 1.00 for the fiscal quarter ending March 31, 2016);
- a maximum consolidated total senior debt to working capital ratio of not more than 0.80 to 1.00 other than during periods in which the consolidated leverage ratio is less than 4.00 to 1.00 if the consolidated leverage ratio has been less than 4.00 to 1.00 for the prior two consecutive fiscal quarters; and
- a maximum amount of the Company's annual capital expenditures of \$51,605 during the fiscal year ending March 31, 2015 and \$40,000 during any fiscal year thereafter, in each case with a one-year carry-forward (not in excess of \$40,000) for unused capital expenditures in any fiscal year below the maximum amount.

Certain of these financial covenants are calculated on a rolling twelve-month basis and certain of these financial covenants and required financial ratios adjust over time in accordance with schedules in the agreement governing the senior secured credit facility. The Company continuously monitors compliance with debt covenants. As of March 31, 2015, the Company was in compliance with the covenants under the Fourth Amendment to the senior secured credit facility agreement (see discussed below). While the Company anticipates it will be in compliance in fiscal 2016, significant changes in market conditions or other factors could adversely affect the Company's business and future debt covenant compliance thereunder. In such a circumstance, the Company may not be able to maintain compliance with the covenants, which would cause a default under the credit facility. A default, if not waived and/or amended, would prevent us from taking certain actions, such as incurring additional debt, paying dividends, or redeeming senior notes or subordinated debt. A default also could result in a default or acceleration of our other indebtedness with cross-default provisions.

If the Company were unable to maintain compliance with the covenants in the senior secured credit facility agreement, we would seek modification to the then existing agreement to further amend covenants and extend maturities, as necessary. If we were unable to obtain such modification, we could potentially decide to pay off the credit facility and terminate the agreement. In such case, the liquidity provided by the agreement would not be available in the future; however, we believe the Company has sufficient liquidity from operations and other available funding sources to meet future operating, debt service and capital expenditure requirements for the next twelve months.

Fourth Amendment. On May 20, 2016, the Company entered into the Fourth Amendment to the Amended and Restated Credit Agreement (the "Fourth Amendment"), which amended the Credit Agreement as further described in Note 21 "Subsequent Events" of Notes to Consolidated Financial Statements (As Restated).

Affirmative and restrictive covenants. The agreement governing the senior secured credit facility contains affirmative and negative covenants (subject, in each case, to exceptions and qualifications), including covenants that limit the Company's ability to, among other things, incur additional indebtedness, incur certain guarantees, merge, consolidate or dispose of substantially all of its assets, grant liens on its assets, pay dividends, redeem stock or make other distributions or restricted payments, create certain dividend and payment restrictions on its subsidiaries, repurchase or redeem capital stock or prepay subordinated debt, make certain investments, agree to restrictions on the payment of dividends to it by its subsidiaries, sell or otherwise dispose of assets, including equity interests of its subsidiaries, enter into transactions with its affiliates, and enter into certain sale and leaseback transactions.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 8 - Long-Term Debt (continued)

Senior Secured Second Lien Notes

On August 1, 2013, the Company issued \$735,000 in aggregate principal amount of the Second Lien Notes. The Second Lien Notes were sold at 98% of the face value, for gross proceeds of approximately \$720,300. The Second Lien Notes bear interest at a rate of 9.875% per year, payable semi-annually in arrears in cash on January 15 and July 15 of each year, beginning January 15, 2014, to holders of record at the close of business on the preceding January 1 and July 1, respectively. The Second Lien Notes will mature on July 15, 2021. The Second Lien Notes are secured by a second priority lien on specified property of Alliance One International, Inc. for which the amended and restated senior secured credit facility is secured by a first priority lien. The indenture governing the Second Lien Notes restricts (subject to exceptions and qualifications) the Company's ability and the ability of its restricted subsidiaries to, among other things, incur additional indebtedness or issue disqualified stock or preferred stock, pay dividends and make other restricted payments (including restricted investments), sell assets, create liens, consolidate, merge, sell or otherwise dispose of all or substantially all of its assets, enter into transactions with its affiliates, enter into certain sale and leaseback transactions, create certain dividend and payment restrictions on its restricted subsidiaries, and designate its subsidiaries as unrestricted subsidiaries.

The indenture governing the Second Lien Notes requires the Company's existing and future material domestic subsidiaries to guarantee the Second Lien Notes. The Company has no material domestic subsidiaries, and the Second Lien Notes are not presently guaranteed by any subsidiary. If a change of control (as defined in the indenture governing the Second Lien Notes) occurs at any time, holders of the Second Lien Notes will have the right, at their option, to require the Company to repurchase all or a portion of the Second Lien Notes for cash at a price equal to 101% of the principal amount of Second Lien Notes being repurchased, plus accrued and unpaid interest and special interest, if any, to, but excluding, the date of repurchase. In connection with the issuance of the Second Lien Notes, the Company entered into a registration rights agreement that requires the Company to pay additional special interest on the Second Lien Notes, at increasing annual rates up to a maximum of 1.0% per year, if the Company fails to timely comply with its registration obligations thereunder. Pursuant to the registration rights agreement, on December 20, 2013, the Company completed a registered exchange offer in which it offered to exchange for the outstanding Second Lien Notes an equal amount of new Second Lien Notes having identical terms in all material respects. During the year ended March 31, 2015, the Company purchased \$15,000 of its senior notes on the open market. All purchased securities were canceled leaving \$720,000 of the 9.875% senior notes outstanding at March 31, 2015. Associated costs paid were \$38 and related discounts were \$(1,323) resulting in net cash repayment of \$13,715 and recorded in Repayment of Long-Term Borrowings in the Consolidated Statements of Cash Flows. Deferred financing costs and amortization of original issue discount of \$514 were accelerated.

Redemption of Existing Senior Notes

On August 2, 2013, the Company redeemed all \$635,000 in aggregate principal amount of the Company's outstanding 10% Senior Notes due 2016 at a redemption price equal to 105% of the aggregate principal amount thereof, plus accrued and unpaid interest and other costs of which \$31,808 was charged to debt retirement expense. As a result of the redemption, the Company accelerated \$6,095 of deferred financing costs and \$14,612 of amortization of original issue discount.

Convertible Senior Subordinated Notes

On July 2, 2009, the Company issued \$100,000 of Convertible Notes. The initial purchasers of the Convertible Notes were granted an option to purchase up to an additional \$15,000 of Convertible Notes solely to cover over-allotments

which was exercised on July 15, 2009. Holders may surrender their Convertible Notes, in integral multiples of \$1,000 principal amount, for conversion into shares of the Company's common stock at the then-applicable conversion rate until the close of business on the second scheduled trading day immediately preceding the maturity date. The initial conversion rate for the Convertible Notes is 198.8862 shares of common stock per \$1,000 principal amount of Convertible Notes. The conversion rate is subject to adjustments based on certain events as described in the indenture governing the Convertible Notes. In addition, holders of these notes have certain rights and entitlements upon the occurrence of certain fundamental changes (as defined in the indenture governing the Convertible Notes).

On August 30, 2013, the Company purchased \$60,000 in aggregate principal amount of its existing \$115,000 Convertible Notes pursuant to a cash tender offer at a purchase price equal to \$1.03 per \$1.00 principal amount plus accrued and unpaid interest and other costs of which \$2,533 was charged to debt retirement expense. The Company funded the purchase with available cash and a portion of the net proceeds from the issuance of the Second Lien Notes, which proceeds had been held in the Blocked Account. As a result of this purchase, the Company accelerated \$412 of deferred financing costs.

On February 13, 2014, the Company purchased \$53,907 of its then remaining \$55,000 in aggregate principal amount of the Convertible Notes pursuant to a cash tender offer at a purchase price equal to \$1.025 per \$1.00 principal amount of the Convertible Notes purchased, plus accrued and unpaid interest and other costs of which \$1,694 was charged to debt retirement expense. As a result of this purchase, the Company accelerated of \$162 of deferred financing costs. The remaining \$1,093 in aggregate principal amount of the Convertible Notes matured on July 1, 2014.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 8 - Long-Term Debt (continued)

Convertible Note Hedge and Warrant Transactions

In connection with the offering of the Convertible Notes, the Company entered into privately negotiated convertible note hedge transactions with three counterparties (“hedge counterparties”) to cover, subject to customary anti-dilution adjustments, the number of shares of the Company’s common stock that initially underlie the Convertible Notes and expire on the last day that any Convertible Notes remain outstanding. The Company also entered separately into privately negotiated warrant transactions relating to the same number of shares of the Company’s common stock with the hedge counterparties. The convertible note hedge transactions were designed to reduce the potential dilution with respect to the common stock of the Company upon conversion of the Convertible Notes in the event that the value per share of common stock, as measured under the convertible note hedge transactions, during the applicable valuation period, was greater than the strike price of the convertible note hedge transactions, which corresponded to the \$5.0280 per share initial conversion price of the Convertible Notes and was similarly subject to customary anti-dilution adjustments. If, however, the price per share of the Company’s common stock, as measured under the warrants, exceeded the strike price of the warrant transactions during the applicable valuation period, there would have been dilution from the issuance of common stock pursuant to the warrants. The warrants had a strike price of \$7.3325 per share, which was subject to customary anti-dilution adjustments and the maximum number of shares that could have been issued under the warrant transactions was 45,743,836. The warrants began expiring in daily installments commencing on October 15, 2014 and fully expire on April 8, 2015. Both the convertible note hedge transactions and the warrant transactions require physical net-share settlement and were accounted for as equity instruments.

Foreign Seasonal Lines of Credit

The Company has typically financed its non-U.S. operations with uncommitted unsecured short-term seasonal lines of credit at the local level. These operating lines are seasonal in nature, normally extending for a term of 180 to 270 days corresponding to the tobacco crop cycle in that location. These facilities are typically uncommitted in that the lenders have the right to cease making loans and demand repayment of loans at any time. These loans are typically renewed at the outset of each tobacco season. As of March 31, 2015, the Company had approximately \$330,254 drawn and outstanding on foreign seasonal lines with maximum capacity totaling \$795,746 subject to limitations as provided for in the Credit Agreement. Additionally, against these lines there was \$10,899 available in unused letter of credit capacity with \$6,328 issued but unfunded.

Long-Term Foreign Seasonal Borrowings

The Company had foreign seasonal borrowings with original maturities greater than one year. At March 31, 2015, approximately \$30,000 was drawn and outstanding with maximum capacity totaling \$30,000.

Dividends

The senior secured credit facility restricts the Company from paying any dividends during the remaining term of the facility. In addition, the indenture governing the Second Lien Notes contains similar restrictions and also prohibits the payment of dividends and other distributions if the Company fails to satisfy a ratio of consolidated EBITDA to fixed charges of at least 2.0 to 1.0. At March 31, 2015, the Company did not satisfy this fixed charge coverage ratio. The Company may from time to time not satisfy this ratio.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 8 - Long-Term Debt (continued)

Summary of Debt

Certain debt agreements contain cross-default or cross-acceleration provisions. The following table summarizes the Company's debt financing as of March 31, 2015:

	Outstanding		March 31, 2015 Lines and		Long Term Debt Repayment Schedule by Fiscal Year					
	March 31, 2014	March 31, 2015	Letters Available	Interest Rate	2016	2017	2018	2019	2020	Later
Senior secured credit facility:										
Revolver ⁽¹⁾	\$175,000	\$—	\$210,259	5.5 % ⁽²⁾	\$—	\$—	\$—	\$—	\$—	\$—
Senior notes:										
9.875% senior secured second lien notes due 2021 ⁽⁴⁾	721,126	707,732	—	9.9 %	—	—	—	—	—	707,732
	721,126	707,732	—		—	—	—	—	—	707,732
5 ½% convertible senior subordinated notes due 2014	1,093	—	—	5.5 %	—	—	—	—	—	—
Long-term foreign seasonal borrowings	—	30,000	—	2.7 % ⁽²⁾	—	30,000	—	—	—	—
Other long-term debt	7,700	4,105	5	7.8 % ⁽²⁾	2,894	269	269	269	173	231
Notes payable to banks ⁽³⁾	212,669	330,254	448,265	5.1 % ⁽²⁾	—	—	—	—	—	—
Total debt	\$1,117,588	\$1,072,091	658,529		\$2,894	\$30,269	\$269	\$269	\$173	\$707,963
Short term	\$212,669	\$330,254								
Long term:										
Long term debt current	\$4,556	\$2,894								
Long term debt	900,363	738,943								
	\$904,919	\$741,837								
Letters of credit	\$5,273	\$6,328	10,899							
Total credit available			\$669,428							

(1) As of March 31, 2015, pursuant to Section 2.1 (A) (iv) of the Credit Agreement, the full \$210,259 Revolving Committed Amount was available based on the calculation of the lesser of the Revolving Committed Amount and the Working Capital Amount.

(2) Weighted average rate for the twelve months ended March 31, 2015.

(3) Primarily foreign seasonal lines of credit.

(4) Repayment of \$707,732 is net of original issue discount of \$12,268. Total repayment will be \$720,000.

Note 9 - Long-Term Leases

The Company has operating leases for land, buildings, automobiles and other equipment. Rent expense for all operating leases was \$22,622, \$23,313 and \$21,853 for the years ended March 31, 2015, 2014 and 2013, respectively. Minimum future obligations are as follows:

	Operating Leases
2016	\$ 10,582
2017	8,888
2018	6,200
2019	5,443
2020	3,891
Remaining	3,608
	\$ 38,612

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries

(in thousands)

Note 10 – Equity in Net Assets of Investee Companies

The Company has equity method investments in companies located in Asia which purchase and process tobacco. The Asia investees and ownership percentages are as follows: Transcontinental Leaf Tobacco India Private Ltd. (India) 49%, Siam Tobacco Export Company (Thailand) 49%, and Adams International Ltd. (Thailand) 49%. On March 10, 2014, the Company purchased a 50% equity based interest in Oryantal Tutun Paketleme which processes tobacco in Turkey. On March 26, 2014, the Company completed the formation of a new joint venture in Brazil with the disposition of 51% interest in China Brasil Tabacos Exportadora SA (“CBT”). The Company retained a 49% equity based interest in CBT which purchases and processes tobacco. Upon the disposition of 51% interest in CBT, the difference between the book basis of the Company’s 49% interest and the fair value of the investment recorded created a basis difference of \$15,990. The Company evaluated the contributed assets and identified basis differences in certain accounts, including inventory, intangible assets and deferred taxes. The basis differences are being amortized over the respective estimated lives of these assets and liabilities, which range from one to ten years. For the year ended March 31, 2015, the Company’s earnings from the equity method investment were reduced by amortization expense of \$2,814 related to these basis differences. At March 31, 2015, the basis difference was \$13,177. On April 2, 2014 the Company completed the purchase of a 50% interest in Purilium, LLC, a U.S. company that develops, produces and sells consumable e-liquids to manufacturers and distributors of e-vapor products. Summarized financial information for these investees for fiscal years ended March 31, 2015, 2014 and 2013 follows:

Operations Statement Information	Years Ended March 31,		
	2015	2014	2013
Sales	\$297,474	\$115,059	\$125,621
Gross profit	33,246	10,556	13,888
Net income (loss)	11,394	122	3,341
Company's dividends received	—	843	998

Balance Sheet Information	March 31,	
	2015	2014
Current assets	\$158,856	\$139,162
Property, plant and equipment and other assets	63,385	59,086
Current liabilities	127,793	119,452
Long-term obligations and other liabilities	12,315	8,899

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 11 – Stock – Based Compensation

The Company expenses the fair value of grants of various stock-based compensation programs over the vesting period of the awards. Awards granted are recognized as compensation expense based on the grant-date fair value estimated in accordance with generally accepted accounting principles. Shares, options, weighted-average exercise prices, and weighted-average fair values are adjusted for a 1-to-10 reverse stock split that was effective June 26, 2015.

The table below summarizes certain data for the Company’s stock based compensation plans:

	Year Ended March 31,		
	2015	2014	2013
Compensation expense for all stock based compensation plans	\$3,194	\$3,222	\$4,520
Tax (expense) benefits for stock-based compensation	\$—	\$—	\$—
Fair value of stock options vested	\$3,353	\$2,184	\$1,230

The Company’s shareholders approved the 2007 Incentive Plan (the “2007 Plan”) at its Annual Meeting of Shareholders on August 16, 2007 and amended the plan at its Annual Meeting of Shareholders on August 11, 2011 and August 6, 2009. The 2007 Plan is an omnibus plan that provides the flexibility to grant a variety of equity awards including stock options, stock appreciation rights, stock awards, stock units, performance awards and incentive awards to officers, directors and employees of the Company. A maximum of 1,390 shares may be granted under the plan as amended. However, the August 11, 2011 amendment requires that the shares available for grant be reduced by twice the number of shares issued for any awards other than options or stock appreciation rights. This has resulted in decreasing the shares available to grant by 240. Additionally, shares that are settled in cash, and shares underlying substitute awards, do not reduce the number of shares available for award. The total of such shares is 88. As of March 31, 2015, 1,791 equity awards have been granted, 635 equity awards have been cancelled and 280 vested under the 2007 Plan, leaving 83 shares available for future awards under the 2007 Plan. Total equity awards outstanding are 891 inclusive of 876 awards granted and outstanding under the 2007 plan and 15 awards granted under prior plans. Shares issued under both the 2007 plan and earlier plans are new shares which have been authorized and designated for award under the plans. Individual types of awards are discussed in greater detail below.

Stock Option Awards

Stock options allow for the purchase of common stock at a price determined at the time the option is granted. Stock options generally vest ratably over five years and generally expire after ten years. The fair value of these options is determined at grant date using the Black-Scholes valuation model and includes estimates of forfeiture based on historical experience. The fair value is then recognized as compensation expense ratably over the vesting term of the options. There were 335 stock options granted during fiscal year 2013. No stock options were granted during 2015 and 2014.

Assumptions used to determine the fair value of options issued in 2013 include the following:

	2013
Grant Price	\$34.50
Exercise Price	\$60.00

Expected Life in Years	6 to 6.5
Annualized Volatility	60.9 %
Annual Dividend Rate	0.00 %
Risk Free Rate	1.25 %
Fair Value	\$5,423

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 11 - Stock - Based Compensation (continued)

Stock Option Awards (continued)

A summary of option activity for stock options follows:

Options	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at March 31, 2012	419	\$ 60.29		
Granted	335	60.00		
Forfeited	(41)	53.82		
Expired	(12)	62.64		
Outstanding at March 31, 2013	701	60.49		
Forfeited	(3)	57.12		
Expired	(10)	64.41		
Outstanding at March 31, 2014	688	60.45		
Forfeited	(18)	61.49		
Expired	(9)	64.50		
Outstanding at March 31, 2015	661	60.37	6.2	\$ —
Vested and expected to vest at March 31, 2015	655	60.37	6.2	\$ —
Exercisable at March 31, 2015	495	60.49	6.0	\$ —

The intrinsic values in the table above represent the total pre-tax intrinsic value which is the difference between the Company's closing stock price and the exercise price multiplied by the number of options. The expense related to stock option awards for 2015, 2014, and 2013 was \$1,363, \$1,366, and \$3,203, respectively. There were no options exercised in 2015, 2014 and 2013.

The table below shows the movement in unvested options from March 31, 2014 to March 31, 2015.

	Shares	Weighted Average Grant Date Fair Value	Aggregate Grant Date Fair Value
Unvested March 31, 2014	362	\$ 16.85	\$ 6,103
Forfeited	(1)	17.67	(18)
Vested	(195)	17.15	(3,353)
Unvested March 31, 2015	166	16.49	\$ 2,732

As of March 31, 2015, there is \$1,871 of unearned compensation, net of expected forfeitures, related to stock option awards which will vest over a weighted average remaining life of 1.7 years.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 11 - Stock - Based Compensation (continued)

Restricted Stock

Restricted stock is common stock that is both nontransferable and forfeitable unless and until certain conditions are satisfied. The fair value of restricted shares is determined on grant date and is amortized over the vesting period which is generally three years.

Restricted Stock	Shares	Weighted Average Grant Date Fair Value
Restricted at March 31, 2012	20	\$ 35.49
Granted	17	28.90
Vested	(20)	35.49
Restricted at March 31, 2013	17	28.90
Granted	20	38.00
Vested	(17)	28.90
Restricted at March 31, 2014	20	38.00
Granted	27	16.12
Vested	(47)	25.39
Restricted at March 31, 2015	—	—

As of March 31, 2015, there was no remaining unamortized deferred compensation. Expense recognized due to the vesting of restricted stock awards was \$701, \$658 and \$502 for the years ended March 31, 2015, 2014 and 2013, respectively.

Restricted Stock Units

Restricted stock units differ from restricted stock in that zero shares are issued until restrictions lapse. Certain restricted stock units vest at the end of a three-year service period and others vest ratably over a three year period. The fair value of the restricted stock units is determined on the grant date and is amortized over the vesting period.

Restricted Stock Units	Shares	Weighted Average Grant Date Fair Value
Outstanding at March 31, 2012	59	\$45.14
Vested	(14)	43.88
Forfeited	(2)	43.72
Outstanding at March 31, 2013	43	45.59
Granted	64	38.50
Vested	(42)	45.59
Forfeited	(2)	38.50
Outstanding at March 31, 2014	63	38.50
Granted	22	27.20
Vested	(21)	38.50
Forfeited	(6)	38.50

Outstanding at March 31, 2015 58 34.18

As of March 31, 2015, there was \$1,263 of remaining unamortized deferred compensation associated with these restricted stock units that will be expensed over the remaining service period through June 12, 2017. Expense recognized due to the vesting of these awards was \$859, \$1,100 and \$815 during the years ended March 31, 2015, 2014 and 2013 respectively.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 11 - Stock - Based Compensation (continued)

Performance-Based Restricted Stock Units

Restricted stock units vest at the end of either a two or three year performance period but the level of the award to vest is subject to similar performance criteria as the Performance Shares described above. The awards are also variable in that they range from zero to 200% of the plan's target contingent on the performance level attained. The table below includes the maximum number of restricted stock units that may be earned under the plan.

Performance-Based Restricted Stock Units	Shares	Weighted Average Grant Date Fair Value
Outstanding as of March 31, 2012	122	\$45.41
Forfeited	(1)	45.90
Shares not vesting due to performance	(121)	45.40
Outstanding as of March 31, 2013	—	—
Granted	64	38.50
Forfeited	(2)	38.50
Outstanding as of March 31, 2014	62	38.50
Granted	22	27.20
Forfeited	(1)	38.50
Outstanding as of March 31, 2015	83	35.52

As of March 31, 2015, the Company anticipates that 12 performance-based restricted stock units will vest resulting in \$190 to be expensed over the remaining service life through March 31, 2017. Expense recognized due to the expected vesting of these awards were \$104 and \$98 during the years ended March 31, 2015 and 2014, respectively. There was no expense recognized for the year ending March 31, 2013.

Cash-Settled Awards

Cash-settled awards differ from the Company's other awards in that no shares will be issued and the cumulative compensation expense is recognized as a liability rather than equity. Under both of our current Cash-Settled Awards, the fair value of the award is equal to the period-end closing price of one share. The liability recognized will be the product of the fair value multiplied ratably by the expired vesting term. The expense related to these awards is derived by appropriately adjusting the value of the liability. As a result, the expense will be variable as the value of the liability will increase or decrease subject to the period-end closing price.

Cash-Settled Restricted Stock Units

Cash-settled restricted stock units vest ratably over the first, second and third anniversaries of the date of award.

Cash-Settled Restricted Stock Units	Shares	Weighted Average Grant Date Fair Value
Outstanding as of March 31, 2014	—	—
Granted	46	26.96
Forfeited	(2)	24.01
Outstanding as of March 31, 2015	44	27.06

As of March 31, 2015, there was \$358 of remaining unamortized deferred compensation associated with these restricted stock units that will be expensed over the remaining service period through June 12, 2017. Expense recognized due to the vesting of these awards was \$128 during the year ended March 31, 2015. There was no expense recognized in the years ending March 31, 2014 and 2013.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 11 - Stock - Based Compensation (continued)

Cash-Settled Performance-Based Restricted Stock Units

Cash-settled restricted stock units vest at the end of either a two or three year performance period but the level of the award to vest is subject to similar performance criteria as the Performance Shares described above. The awards are also variable in that they range from zero to 200% of the plan's target contingent on the performance level attained. The table below includes the maximum number of restricted stock units that may be earned under the plan.

Cash-Settled Performance-Based Restricted Stock Units	Shares	Weighted Average Grant Date Fair Value
Outstanding as of March 31, 2014	—	—
Granted	46	26.96
Forfeited	(2)	24.01
Outstanding as of March 31, 2015	44	27.06

As of March 31, 2015, the Company anticipates that 12 performance-based restricted stock units will vest resulting in \$98 to be expensed over the remaining service period through March 31, 2017. Expense recognized due to the expected vesting of these awards was \$39 during the year ended March 31, 2015. There was no expense recognized for the years ending March 31, 2014, and 2013.

Note 12 – Income Taxes

Accounting for Uncertainty in Income Taxes

As of March 31, 2015, 2014 and 2013, the Company's unrecognized tax benefits totaled \$17,752, \$12,635 and \$8,678, respectively, of which \$7,127 would impact the Company's effective tax rate if recognized. The following table presents the changes to unrecognized tax benefits during the years ended March 31, 2015, 2014 and 2013:

	2015	2014	2013
Balance at April 1	\$12,635	\$8,678	\$12,077
Increase for current year tax positions	7,260	4,191	2,192
Reduction for prior year tax positions	(1,055)	(111)	(1,960)
Impact of changes in exchange rates	(1,088)	(123)	(131)
Reduction for settlements	—	—	(3,500)
Balance at March 31	\$17,752	\$12,635	\$8,678

The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense. During the years ended March 31, 2015 and 2014, the Company accrued (reduced) interest, penalties and related exchange losses related to unrecognized tax benefits by \$109 and \$14, respectively. As of March 31, 2015, accrued interest and penalties totaled \$1,276 and \$1,056, respectively. During the year ending March 31, 2015, the Company reduced its accrued interest and penalties for \$22 related to the expiration of statute of limitations. As of March 31, 2014, accrued interest and penalties totaled \$1,053 and \$1,170, respectively.

During the fiscal year ending March 31, 2015, the Company's total liability for unrecognized tax benefits, including the related interest and penalties, increased from \$14,858 to \$20,085. The change in the liability for unrecognized tax benefits relates to expiration of statute of limitations of approximately \$185, decreases related to

current period activity of approximately \$1,848 and increases related to the adoption of new positions of approximately \$7,260.

The Company expects to continue accruing interest expenses related to the remaining unrecognized tax benefits. Additionally, the Company may be subject to fluctuations in the unrecognized tax liability due to currency exchange rate movements.

It is reasonably possible that the Company's unrecognized tax benefits may decrease in the next twelve months by \$867 due to the expiration of the statute of limitations but the Company must acknowledge circumstances can change due to unexpected developments in the law. In certain jurisdictions, tax authorities have challenged positions that the Company has taken that resulted in recognizing benefits that are material to its financial statements. The Company believes it is more likely than not that it will prevail in these situations and accordingly have not recorded liabilities for these positions. The Company expects the challenged positions to be settled at a time greater than twelve months from its balance sheet date.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 12 – Income Taxes (continued)

Accounting for Uncertainty in Income Taxes (continued)

The Company and its subsidiaries file a U.S. federal consolidated income tax return as well as returns in several U.S. states and a number of foreign jurisdictions. As of March 31, 2015, the Company's earliest open tax year for U.S. federal income tax purposes was its fiscal year ended March 31, 2012; however, the Company's net operating loss carryovers from prior periods remain subject to adjustment. Open tax years in state and foreign jurisdictions generally range from three to six years.

Income Tax Provision

The components of income (loss) before income taxes, equity in net income of investee companies and minority interests consisted of the following:

	Years Ended March 31,		
	2015	2014	2013
U.S.	\$(24,749)	\$(91,290)	\$(44,756)
Non-U.S.	16,484	30,301	97,781
Total	\$(8,265)	\$(60,989)	\$53,025

The details of the amount shown for income taxes in the Consolidated Statements of Operations follow:

	Years Ended March 31,		
	2015	2014	2013
Current			
Federal	\$—	\$—	\$(2,723)
State	—	—	—
Non-U.S.	18,792	24,214	6,966
	\$18,792	\$24,214	\$4,243
Deferred			
Federal	\$—	\$—	\$3,466
State	—	—	—
Non-U.S.	2,068	16,261	22,341
	\$2,068	\$16,261	\$25,807
Total	\$20,860	\$40,475	\$30,050

The reasons for the difference between income tax expense based on income before income taxes, equity in net income of investee companies and minority interests and the amount computed by applying the U.S. statutory federal income tax rate to such income are as follows:

	Years Ended March 31,		
	2015	2014	2013
Tax expense at U.S. statutory rate	\$(2,893)	\$(21,346)	\$18,559
Effect of non-U.S. income taxes	666	7,200	(2,222)
U.S. taxes on non-U.S. income	14,768	(274)	224

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Change in valuation allowance	(13,921)	25,080	27,454
Increase (decrease) in reserves for uncertain tax positions	5,227	3,971	(11,102)
Exchange effects and currency translation	14,308	26,884	(1,483)
Permanent items	2,705	(1,040)	(1,380)
Actual tax expense	\$20,860	\$40,475	\$30,050

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries

(in thousands)

Note 12 - Income Taxes (continued)

Income Tax Provision (continued)

The deferred tax liabilities (assets) are comprised of the following:

	March 31, 2015	March 31, 2014
Deferred tax liabilities:		
Unremitted earnings of foreign subsidiaries	\$22,043	\$7,275
Intangible assets	6,415	7,048
Fixed assets	3,488	5,608
Total deferred tax liabilities	\$31,946	\$19,931
Deferred tax assets:		
Reserves and accruals	\$(29,610)	\$(37,999)
Tax credits	(55,744)	(52,624)
Tax loss carryforwards	(105,345)	(115,548)
Derivative transactions	(567)	(1,567)
Postretirement and other benefits	(34,388)	(31,040)
Unrealized exchange loss	(10,057)	(1,522)
Other	(5,914)	(2,052)
Gross deferred tax assets	(241,625)	(242,352)
Valuation allowance	170,792	181,843
Total deferred tax assets	\$(70,833)	\$(60,509)
Net deferred tax asset	\$(38,887)	\$(40,578)

The following table presents the breakdown between current and non-current (assets) liabilities:

	March 31, 2015	March 31, 2014
Current asset	\$(15,586)	\$(10,013)
Current liability	6,356	5,682
Non-current asset	(33,155)	(40,927)
Non-current liability	3,498	4,680
Net deferred tax asset	\$(38,887)	\$(40,578)

The current portion of deferred tax liability is included in income taxes.

During the year ended March 31, 2015, the net deferred tax asset balance increased by \$372 for certain adjustments not included in the deferred tax expense (benefit), primarily for deferred tax assets related to pension accruals recorded in equity as part of Other Comprehensive Income (Loss) and currency translation adjustments.

For the year ended March 31, 2015, the valuation allowance decreased by \$11,051 which is inclusive of \$3,999 related to adjustments in other comprehensive income and \$(1,112) related primarily to currency translation adjustments. The valuation allowance decreased primarily due to the accrual of a deferred liability on unremitted foreign earnings and the accrual of an additional liability for unrecognized tax benefits netted against tax loss carryovers. The valuation allowance is based on the Company's assessment that it is more likely than not that certain deferred tax assets, primarily foreign tax credits and net operating loss carryovers, will not be realized in the

foreseeable future. Recent years' cumulative losses incurred in the United States as of March 31, 2015, combined with the effects of certain changes in the market, provide significant objective negative evidence in the evaluation of whether the U.S. entity will generate sufficient taxable income to realize the tax benefits of the deferred tax assets. This negative evidence carries greater weight than the more subjective positive evidence of favorable future projected income in the assessment of whether realization of the tax benefits of the deferred tax assets is more likely than not. Therefore, based on the weight of presently objectively verifiable positive and negative evidence, it is management's judgment that realization of the tax benefits of the deferred tax assets is less than more likely than not.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 12 - Income Taxes (continued)

Income Tax Provision (continued)

At March 31, 2015, the Company has U.S federal tax loss carryovers of \$246,433, non-U.S. tax loss carryovers of \$90,887, and U.S. state tax loss carryovers of \$372,920. The U.S. federal tax loss carryovers will expire in 2030 and thereafter. Of the non-U.S. tax loss carryovers, \$22,545 will expire within the next five years, \$62,657 will expire in later years, and \$5,685 can be carried forward indefinitely. Of the U.S. state tax loss carryovers, \$82,838 will expire within the next five years and \$290,081 will expire thereafter. At March 31, 2015, the Company has foreign tax credit carryovers in the United States of \$51,932 that will substantially expire in 2016.

Realization of deferred tax assets is dependent on generating sufficient taxable income prior to expiration of the loss carryovers. Although realization is not assured, management believes it is more likely than not that all of the deferred tax assets, net of applicable valuation allowances, will be realized. The amount of the deferred tax assets considered realizable could be reduced or increased if estimates of future taxable income change during the carryover period.

A provision of \$22,043 has been made for U.S. on foreign taxes that may result from future remittances of foreign earnings of \$60,318. No provision has been made for U.S. or foreign taxes that may result from future remittances of approximately \$409,505 at March 31, 2015 and \$408,424 at March 31, 2014 of undistributed earnings of foreign subsidiaries because management expects that such earnings will be reinvested overseas indefinitely. Determination of the amount of any unrecognized deferred income tax liability on these unremitted earnings is not practicable.

Note 13 – Employee Benefits

Retirement Benefits

The Company has multiple benefit plans at several locations. The Company has a defined benefit plan that provides retirement benefits for substantially all U.S. salaried personnel based on years of service rendered, age and compensation. The Company also maintains various other Excess Benefit and Supplemental Plans that provide additional benefits to (1) certain individuals whose compensation and the resulting benefits that would have actually been paid are limited by regulations imposed by the Internal Revenue Code and (2) certain individuals in key positions. In addition, a Supplemental Retirement Account Plan ("SRAP"), a defined contribution program, is maintained.

The Company's policy is to contribute amounts to the plans sufficient to meet or exceed funding requirements of local governmental rules and regulations.

Additional non-U.S. plans sponsored by certain subsidiaries cover substantially all of the full-time employees located in Germany, Turkey and the United Kingdom.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 13 - Employee Benefits (continued)

Retirement Benefits (continued)

In fiscal 2014, the Company experienced a special termination benefit and curtailment loss of \$1,261 during the quarter ended June 30, 2013 in connection with restructuring in its Turkey location, which has been recorded in Restructuring and Asset Impairment Charges (Recoveries).

A reconciliation of benefit obligations, plan assets and funded status of the plans at March 31, 2015 and 2014, the measurement dates, is as follows:

	U.S. Plans		Non-U.S. Plans	
	March 31, 2015	2014	March 31, 2015	2014
Change in Benefit Obligation				
Benefit obligation, beginning	\$99,061	\$107,742	\$66,847	\$70,684
Service cost	1,856	1,839	173	282
Interest cost	3,969	3,956	2,711	2,820
Actuarial (gains) losses	9,813	(5,090)	9,349	(3,184)
Settlements/special termination benefits	(517)	(4,223)	(136)	1,226
Transfers	—	—	230	—
Effects of currency translation	—	—	(5,985)	2,754
Benefits paid	(6,759)	(5,163)	(3,250)	(7,735)
Benefit obligation, ending	\$107,423	\$99,061	\$69,939	\$66,847
Change in Plan Assets				
Fair value of plan assets, beginning	\$44,597	\$45,242	\$52,133	\$45,603
Actual return on plan assets	1,832	4,121	5,137	3,433
Employer contributions	5,768	4,620	3,686	8,193
Plan settlements	(517)	(4,223)	(208)	—
Effects of currency translation	—	—	(3,789)	2,639
Benefits paid	(6,759)	(5,163)	(3,250)	(7,735)
Fair value of plan assets, ending	\$44,921	\$44,597	\$53,709	\$52,133
Net amount recognized	\$(62,502)	\$(54,464)	\$(16,230)	\$(14,714)
Amounts Recognized in the Consolidated Balance Sheets Consist of:				
Noncurrent benefit asset recorded in Other Noncurrent Assets	\$—	\$—	\$175	\$—
Accrued current benefit liability recorded in Accrued Expenses and Other Current Liabilities	(2,975)	(3,083)	(1,173)	(1,175)
Accrued noncurrent benefit liability recorded in Pension, Postretirement and Other Long-Term Liabilities	(59,527)	(51,381)	(15,232)	(13,539)
Net amount recognized	\$(62,502)	\$(54,464)	\$(16,230)	\$(14,714)

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 13 - Employee Benefits (continued)

Retirement Benefits (continued)

The pension obligations for all defined benefit pension plans:

	U.S. Plans		Non-U.S. Plans	
	March 31,		March 31,	
	2015	2014	2015	2014
Information for Pension Plans with Accumulated Benefit				
Obligation in Excess of Plan Assets:				
Projected benefit obligation	\$ 107,423	\$ 99,061	\$ 36,951	\$ 66,847
Accumulated benefit obligation	104,652	96,218	36,033	65,750
Fair value of plan assets	44,921	44,597	20,546	52,133

Net periodic pension costs included the following components:

	U.S. Plans			Non-U.S. Plans		
	March 31,			March 31,		
	2015	2014	2013	2015	2014	2013
Service cost	\$ 1,856	\$ 1,839	\$ 1,777	\$ 173	\$ 282	\$ 288
Interest cost	3,969	3,956	4,289	2,711	2,820	3,046
Expected return on plan assets	(3,131)	(3,078)	(3,313)	(3,477)	(3,112)	(2,945)
Amortization of actuarial losses	1,440	1,808	1,509	740	1,262	479
Amortization of prior service cost	192	195	204	1	5	16
Curtailment gain	—	—	—	—	70	(27)
Special termination benefits	—	—	—	72	1,226	45
Effects of settlement	35	1,049	—	(13)	—	—
Net periodic pension cost	\$ 4,361	\$ 5,769	\$ 4,466	\$ 207	\$ 2,553	\$ 902

The amounts showing in accumulated other comprehensive income at March 31, 2015, March 31, 2014 and movements for the year were as follows:

	U.S. and Non-U.S. Pension	U.S. and Non-U.S. Post-retirement	Total
Prior service credit (cost)	\$(2,142)	\$ 1,464	\$(678)
Net actuarial losses	(42,092)	(4,876)	(46,968)
Deferred taxes	11,551	(591)	10,960
Balance at March 31, 2014	\$(32,683)	\$ (4,003)	\$(36,686)
Prior service credit (cost)	\$ 196	\$ (1,287)	\$(1,091)
Net actuarial gains	(14,714)	73	(14,641)
Deferred taxes	219	(33)	186
Total change for 2015	\$(14,299)	\$ (1,247)	\$(15,546)

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Prior service credit (cost)	\$(1,946)	\$ 177	\$(1,769)
Net actuarial losses	(56,806)	(4,803)	(61,609)
Deferred taxes	11,770	(624)	11,146
Balance at March 31, 2015	\$(46,982)	\$ (5,250)	\$(52,232)

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries

(in thousands)

Note 13 - Employee Benefits (continued)

Retirement Benefits (continued)

The following weighted average assumptions were used to determine the expense for the pension, postretirement, other postemployment, and employee savings plans as follows:

	U.S. Plans			Non-U.S. Plans		
	March 31,		March 31,	March 31,		March 31,
	2015	2014	2013	2015	2014	2013
Discount rate	4.20%	3.86%	4.30%	4.30%	4.31%	5.22%
Rate of increase in future compensation	4.50%	4.00%	4.00%	3.94%	4.36%	4.45%
Expected long-term rate of return on plan assets	7.25%	7.25%	7.75%	6.83%	6.56%	6.93%

In order to project the long-term investment return for the total portfolio, estimates are prepared for the total return of each major asset class over the subsequent 10-year period, or longer. Those estimates are based on a combination of factors including the current market interest rates and valuation levels, consensus earnings expectations and historical long-term risk premiums. To determine the aggregate return for the pension trust, the projected return of each individual asset class is then weighted according to the allocation to that investment area in the trust's long-term asset allocation policy.

A March 31 measurement date is used for the pension, postretirement, other postemployment and employee savings plans. The expected long-term rate of return on assets was determined based upon historical investment performance, current asset allocation, and estimates of future investment performance by asset class.

The following assumptions were used to determine the benefit obligations disclosed for the pension plans at March 31, 2015 and 2014:

	U.S. Plans		Non-U.S. Plans	
	March 31,		March 31,	
	2015	2014	2015	2014
Discount rate	3.60%	4.20%	3.13%	4.30%
Rate of increase in future compensation	4.50%	4.50%	3.56%	3.94%

Net gain (loss) and prior service credits (costs) for the combined U.S. and non-U.S. pension plans expected to be amortized from accumulated comprehensive income into net periodic benefit cost during fiscal 2016 is \$(2,183) and \$(1,381), respectively.

Plan Assets

The Company's asset allocations and the percentage of the fair value of plan assets at March 31, 2015 and 2014 by asset category are as follows:

(percentages)	Target Allocations	U.S. Plans		Non-U.S. Plans	
		March 31,		March 31,	
Asset Category:	March 31,	March 31,	March 31,	March 31,	March 31,
	2015	2015	2014	2015	2014
Cash and cash equivalents	—	% 2.1	% 4.1	% 1.4	% 1.2

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Equity securities	37.0	35.9	35.8	60.5	62.0
Debt securities	24.0	23.2	22.5	32.5	30.8
Real estate and other investments	39.0	38.8	37.6	5.6	6.0
Total	100.0	%	100.0%	100.0%	100.0%

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries

(in thousands)

Note 13 - Employee Benefits (continued)

Plan Assets (continued)

The Company's investment objectives are to generate consistent total investment return to pay anticipated plan benefits, while minimizing long-term costs. Financial objectives underlying this policy include maintaining plan contributions at a reasonable level relative to benefits provided and assuring that unfunded obligations do not grow to a level that would adversely affect the Company's financial health. Manager performance is measured against investment objectives and objective benchmarks, including: Citibank 90 Day Treasury Bill, Barclays Intermediate Govt. Credit, Barclays Aggregate Index, Russell 1000 Value, Russell 1000 Growth, Russell 2500 Value, Russell 2500 Growth, and MSCI EAFE. The Portfolio Objective is to exceed the actuarial return on assets assumption. Management regularly reviews portfolio allocations and periodically rebalances the portfolio to the targeted allocations when considered appropriate. Equity securities do not include the Company's common stock. Our diversification and risk control processes serve to minimize the concentration of risk. There are no significant concentrations of risk, in terms of sector, industry, geography or companies.

The fair values for the pension plans by asset category are as follows:

U.S. Pension Plans	March 31, 2015			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$965	\$434	\$531	\$—
U.S. equities / equity funds	8,302	8,302	—	—
International equities / equity funds	7,769	7,769	—	—
U.S. fixed income funds	8,870	8,870	—	—
International fixed income funds	1,564	1,564	—	—
Other investments:				
Diversified funds	12,994	12,918	—	76
Real estate	4,457	—	—	4,457
Total	\$44,921	\$39,857	\$531	\$4,533
U.S. Pension Plans	March 31, 2014			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$1,819	\$1,265	\$554	\$—
U.S. equities / equity funds	8,220	8,220	—	—
International equities / equity funds	7,747	7,747	—	—
U.S. fixed income funds	8,393	8,393	—	—
International fixed income funds	1,643	1,643	—	—
Other investments:				
Diversified funds	12,755	12,656	—	99
Real estate	4,020	—	—	4,020
Total	\$44,597	\$39,924	\$554	\$4,119

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 13 - Employee Benefits (continued)

Plan Assets (continued)

Non-U.S. Pension Plans	March 31, 2015			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$770	\$770	\$—	\$ —
U.S. equities / equity funds	7,862	7,862	—	—
International equities / equity funds	14,191	4,797	9,394	—
Global equity funds	10,372	—	10,372	—
U.S. fixed income funds	2,849	2,849	—	—
International fixed income funds	8,507	—	8,507	—
Global fixed income funds	6,135	1,295	4,840	—
Other investments:				
Diversified funds	1,844	1,844	—	—
Real estate equities	1,179	1,179	—	—
Total	\$53,709	\$20,596	\$33,113	\$ —

Non-U.S. Pension Plans	March 31, 2014			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$649	\$649	\$—	\$ —
U.S. equities / equity funds	8,046	8,046	—	—
International equities / equity funds	14,297	4,598	9,699	—
Global equity funds	9,913	—	9,913	—
International fixed income funds	2,725	2,725	—	—
U.S. fixed income funds	7,491	—	7,491	—
Global fixed income funds	5,862	1,287	4,575	—
Other investments:				
Diversified funds	1,991	1,991	—	—
Real estate equities	1,159	1,159	—	—
Total	\$52,133	\$20,455	\$31,678	\$ —

The fair value hierarchy is described in Note 18 "Fair Value Measurements" to the "Notes to Consolidated Financial Statements."

A reconciliation of the beginning and ending balance of U.S. pension plan assets that are measured at fair value using significant unobservable inputs (Level 3) as of March 31, 2015 is as follows:

	U.S. Pension Plans		
	Diversified funds	Real estate	Total Level 3 Plan assets
Fair value, March 31, 2013	\$165	\$4,801	\$4,966
Total gains (unrealized/realized)	12	419	431

Purchases, sales and settlements net	(78)	(1,200)	(1,278)
Fair value, March 31, 2014	99	4,020	4,119
Total gains (unrealized/realized)	5	437	442
Purchases, sales and settlements net	(28)	—	(28)
Fair value, March 31, 2015	\$76	\$4,457	\$4,533

For all periods presented, the Company had no Non-U.S. pension plan assets measured at fair value using significant unobservable inputs (Level 3). Plan assets are recognized and measured at fair value in accordance with the accounting standards regarding fair value measurements. The following are general descriptions of asset categories, as well as the valuation methodologies and inputs used to determine the fair value of each major category of plan assets.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 13 - Employee Benefits (continued)

Plan Assets (continued)

Cash and cash equivalents include short-term investment funds, primarily in diversified portfolios of investment grade money market instruments and are valued using quoted market prices or other valuation methods, and thus classified within Level 1 or Level 2 of the fair value hierarchy.

Equity securities are investments in common stock of domestic and international corporations in a variety of industry sectors, and are valued primarily using quoted market prices and generally classified within Level 1 in the fair value hierarchy.

Fixed income securities include U.S. Treasuries and agencies, debt obligations of foreign governments and debt obligations in corporations of domestic and foreign issuers. The fair value of fixed income securities are based on observable prices for identical or comparable assets, adjusted using benchmark curves, sector grouping, matrix pricing, broker/dealer quotes and issuer spreads, and are generally classified within Level 1 or Level 2 in the fair value hierarchy.

Investments in equity and fixed income mutual funds are publicly traded and valued primarily using quoted market prices and generally classified within Level 1 in the fair value hierarchy. Investments in commingled funds used in certain non-U.S. pension plans are not publicly traded, but the underlying assets held in these funds are traded in active markets and the prices for these assets are readily observable. Holdings in these commingled funds are generally classified as Level 2 investments.

Real estate investments include those in private limited partnerships that invest in various commercial and residential real estate projects both domestically and internationally as well as publicly traded REIT securities. The fair values of private real estate assets are typically determined by using income and/or cost approaches or comparable sales approach, taking into consideration discount and capitalization rates, financial conditions, local market conditions and the status of the capital markets, and thus are generally classified within Level 3 in the fair value hierarchy. Publicly traded REIT securities are valued primarily using quoted market prices and are generally classified within Level 1 in the fair value hierarchy.

Diversified investments include those in limited partnerships that invest in companies that are not publicly traded on a stock exchange and mutual funds with an absolute return strategy. Limited partnership investment strategies in non-publicly traded companies include leveraged buyouts, venture capital, distressed investments and investments in natural resources. These investments are valued using inputs such as trading multiples of comparable public securities, merger and acquisition activity and pricing data from the most recent equity financing taking into consideration illiquidity, and thus are classified within Level 3 in the fair value hierarchy. Mutual fund investments with absolute return strategies are publicly traded and valued using quoted market prices and are generally classified within Level 1 in the fair value hierarchy.

Cash Flows

Contributions

The Company expects to contribute \$5,126 to its U.S. benefits plans and \$3,554 to its non-U.S. benefit plans in fiscal 2016.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	Pension Benefits		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
	March 31, 2015	March 31, 2015	March 31, 2015	March 31, 2015
2016	\$8,405	\$ 3,431	\$637	\$ 93
2017	7,435	3,000	640	97
2018	7,417	3,120	618	101
2019	7,478	3,482	599	105
2020	7,967	3,262	592	116
Years 2021-2025	38,042	18,464	2,733	657

The Company sponsors 401-k savings plans for most of its salaried employees located in the United States. The Supplemental Executive Retirement Plan and the Pension Equity Plan were replaced by the SRAP during 2008. The Company also maintains defined contribution plans at various foreign locations. The Company's contributions to the defined contribution plans were \$4,009 in 2015, \$4,435 in 2014 and \$5,056 in 2013.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 13 - Employee Benefits (continued)

Postretirement Health and Life Insurance Benefits

The Company provides certain health and life insurance benefits to retired U.S. employees (and their eligible dependents) who meet specified age and service requirements. The plan excludes new employees after September 2005 and caps the Company's annual cost commitment to postretirement benefits for retirees. The Company retains the right, subject to existing agreements, to modify or eliminate these postretirement health and life insurance benefits in the future.

The Company provides certain health and life insurance benefits to retired Brazilian directors and certain retirees located in Europe including their eligible dependents who meet specified requirements.

The following assumptions were used to determine non-U.S. Plan postretirement benefit obligations at March 31:

	2015	2014
Discount rate	10.54%	11.13%
Health care cost trend rate assumed for next year	7.87%	7.88%
Ultimate trend rate	7.87%	7.88%

A one-percentage-point change in assumed health care cost trend rates would not have a significant effect on the amounts reported for health care plans.

For 2015 and 2014, the annual rate of increase in the per capita cost of covered health care benefits is not applicable as the Company's annual cost commitment to the benefits is capped and not adjusted for future medical inflation.

Additional retiree medical benefits are provided to certain U.S. individuals in accordance with their employment contracts. For 2015 the additional cost related to these contracts was \$23.

Prior service credits of \$11 and unrecognized net actuarial losses of \$447 are expected to be amortized from accumulated comprehensive income into postretirement healthcare benefits net periodic benefit cost for the combined U.S. and non-U.S. postretirement benefits during fiscal 2016.

A reconciliation of benefit obligations, plan assets and funded status of the plans is as follows:

	U.S. Plans		Non-U.S. Plans	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Change in Benefit Obligation				
Benefit obligation, beginning	\$8,727	\$9,995	\$1,636	\$2,217
Service cost	39	60	3	6
Interest cost	361	375	154	173
Effect of currency translation	—	—	(446)	(217)
Actuarial losses	370	(804)	(6)	(426)
Benefits paid	(656)	(899)	(98)	(117)
Benefit obligation, ending	\$8,841	\$8,727	\$1,243	\$1,636
Change in Plan Assets				
Fair value of plan assets, beginning	\$—	\$—	\$—	\$—
Employer contributions	656	899	98	117
Benefits paid	(656)	(899)	(98)	(117)

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Fair value of plan assets, ending	\$—	\$—	\$—	\$—
Net amount recognized	\$(8,841)	\$(8,727)	\$(1,243)	\$(1,636)

	U.S. Plans		Non-U.S. Plans	
	March 31,		March 31,	
	2015	2014	2015	2014
Amounts Recognized in the Consolidated				
Balance Sheets Consist of:				
Accrued current benefit liability recorded in Accrued Expenses and Other Current Liabilities	\$(637)	\$(671)	\$(93)	\$(126)
Accrued non-current benefit liability recorded in Pension, Postretirement and Other Long-Term Liabilities	(8,204)	(8,056)	(1,150)	(1,510)
Net amount recognized	\$(8,841)	\$(8,727)	\$(1,243)	\$(1,636)

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 13 - Employee Benefits (continued)

Postretirement Health and Life Insurance Benefits (continued)

There are no plan assets for 2015 or 2014. Net periodic benefit costs included the following components:

	U.S. Plans			Non-U.S. Plans		
	March 31,			March 31,		
	2015	2014	2013	2015	2014	2013
Service cost	\$39	\$60	\$57	\$3	\$6	\$5
Interest cost	361	375	434	154	173	175
Prior service credit	(1,196)	(1,622)	(1,622)	(14)	(16)	(18)
Actuarial losses (gains)	450	474	460	(5)	15	6
Net periodic benefit costs (income)	\$(346)	\$(713)	\$(671)	\$138	\$178	\$168

The Company continues to evaluate ways to better manage these benefits and control their costs. Any changes in the plan or revisions to assumptions that affect the amount of expected future benefits may have a significant effect on the amount of the reported obligation and annual expense. The Company expects to contribute \$730 to its combined U.S. and non-U.S. postretirement benefit plans in fiscal 2016.

Employees in operations located in certain other foreign operations are covered by various postretirement benefit arrangements. For these foreign plans, the cost of benefits charged to income was not material in 2015, 2014 and 2013.

Note 14 – Segment Information

The Company purchases, processes, sells, and stores leaf tobacco. Tobacco is purchased in more than 35 countries and shipped to approximately 90 countries. The sales, logistics and billing functions of the Company are primarily concentrated in service centers outside of the producing areas to facilitate access to our major customers. Within certain quality and grade constraints, tobacco is fungible and, subject to these constraints, customers may choose to fulfill their needs from any of the areas where the Company purchases tobacco.

Management evaluates performance using information included in management reports. The Company has five geographic operating segments: Africa, Asia, Europe, North America and South America. Beginning April 1, 2015, the Company's management ceased evaluating performance of value added services as a separate operating segment and segment results reported in the Form 10-K/A reflect its current segments. The Company's cut rag and other specialty products and services are now combined within the geographic operating segments in which they operate. In reviewing these operations, the Company concluded that the economic characteristics of North America were dissimilar from the other operating segments. Based on this fact, the Company is disclosing North America separately and has aggregated the remaining four operating segments, Africa, Asia, Europe and South America into one reportable segment "Other Regions." The Company concluded that these operating segments have similar long term financial performance and similar economic characteristics in each of the following areas:

- the nature of the products and services;
- the nature of the production processes;
- the type or class of customer for their products and services;
- the methods used to distribute their products or provide their services; and
- the nature of the regulatory environment.

Selling, logistics, billing, and administrative overhead, including depreciation, which originates primarily from the Company's corporate and sales offices, are allocated to the segments based upon segment operating income. The Company reviews performance data from purchase through sale based on the source of the product and all intercompany transactions are allocated to the region that either purchases or processes the tobacco.

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Total capital expenditures	\$22,673	\$27,755	\$42,803
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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 14 - Segment Information (continued)

Geographic information as to sales and other operating revenues is based on the destination of the product shipped. The Belgium destination represents a customer owned storage and distribution center from which the tobacco will be shipped on to manufacturing facilities.

	Years Ended March 31,		
Sales by Destination	2015	2014	2013
Sales and Other Operating Revenues:			
United States	\$363,964	\$467,111	\$423,617
China	254,658	401,480	308,935
Belgium	137,513	125,377	185,668
Russia	118,233	125,093	147,283
Germany	116,713	130,163	93,990
Indonesia	58,609	58,919	109,983
Other	1,017,175	1,046,393	971,520
	\$2,066,865	\$2,354,536	\$2,240,996

Sales and Other Operating Revenues to Major Customers

Including their respective affiliates, accounting for more than 10% of total sales and other operating revenues were each of Philip Morris International Inc. and China Tobacco International Inc. for the year ended March 31, 2015; Philip Morris International Inc., Japan Tobacco Inc. and China Tobacco International Inc. for the year ended March 31, 2014; and Philip Morris International, Inc., Japan Tobacco Inc., Imperial Tobacco Group PLC and China Tobacco International Inc. for the year ended March 31, 2013.

	Years Ended March 31,		
Property, Plant and Equipment by Location	2015	2014	2013
Property, Plant and Equipment, Net:			
United States	\$57,861	\$53,517	\$45,213
Brazil	87,161	92,142	99,492
Malawi	25,704	27,227	28,683
Tanzania	23,610	24,979	24,568
Europe	15,191	19,711	20,370
Argentina	7,390	7,325	7,909
Asia	6,960	7,545	8,436
Zambia	6,582	6,690	6,316
Turkey	3,454	18,310	25,666

Other	4,001	3,728	4,279
	\$237,914	\$261,174	\$270,932

Note 15 – Foreign Currency Translation

The financial statements of foreign entities included in the consolidated financial statements have been translated to U.S. dollars in accordance with generally accepted accounting principles.

The financial statements of foreign subsidiaries, for which the local currency is the functional currency, are translated into U.S. dollars using exchange rates in effect at period end for assets and liabilities and average exchange rates during each reporting period for results of operations. Adjustments resulting from translation of financial statements are reflected as a separate component of other comprehensive income.

The financial statements of foreign subsidiaries, for which the U.S. dollar is the functional currency and which have certain transactions denominated in a local currency, are remeasured into U.S. dollars. The remeasurement of local currencies into U.S. dollars creates remeasurement adjustments that are included in net income. Exchange losses in 2015, 2014 and 2013 were \$8,274, \$12,348 and \$5,564, respectively, and are included in the respective statements of income in cost of sales and income taxes.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 16 – Contingencies and Other Information

Non-Income Tax

The government in the Brazilian State of Parana (“Parana”) issued a tax assessment on October 26, 2007 with respect to local intrastate trade tax credits that result primarily from tobacco transferred between states within Brazil. The assessment for intrastate trade tax credits taken is \$4,106 and the total assessment including penalties and interest at March 31, 2015 is \$11,603. The Company believes it has properly complied with Brazilian law and will contest any assessment through the judicial process. Should the Company lose in the judicial process, the loss of the intrastate trade tax credits would have a material impact on the financial statements of the Company.

The Company also has local intrastate trade tax credits in the Brazil State of Rio Grande do Sul and the State of Santa Catarina. These jurisdictions permit the sale or transfer of excess credits to third parties, however approval must be obtained from the tax authorities. The Company has agreements with the state governments regarding the amounts and timing of credits that can be sold. The tax credits have a carrying value of \$6,215. The intrastate trade tax credits are monitored for impairment in future periods based on market conditions and the Company’s ability to use or sell the tax credits.

In 1969, the Brazilian government created a tax credit program that allowed companies to earn IPI tax credits (“IPI credits”) based on the value of their exports. The government began to phase out this program in 1979, which resulted in numerous lawsuits between taxpayers and the Brazilian government. The Company has a long legal history with respect to credits it earned while the IPI credit program was in effect. In 2001, the Company won a claim related to certain IPI credits it earned between 1983 and 1990. The Brazilian government appealed this decision and numerous rulings and appeals were rendered on behalf of both the government and the Company from 2001 through 2013. Because of this favorable ruling, the Company began to use these earned IPI credits to offset federal taxes in 2004 and 2005, until it received a Judicial Order to suspend the IPI offsetting in 2005. The value of the federal taxes offset in 2004 and 2005 was \$24,142 and the Company established a reserve on these credits at the time of offsetting as they were not yet realizable due to the legal uncertainty that existed. Specifically, the Company extinguished other federal tax liabilities using IPI credits and recorded a liability in Pension, Postretirement and Other Long-Term Liabilities to reflect that the credits were not realizable at that time due to the prevalent legal uncertainty. On March 7, 2013, the Brazilian Supreme Court rendered a final decision in favor of the Company that recognized the validity of the IPI credits and secured the Company's right to benefit from the IPI credits earned from March 1983 to October 1990. This final decision expressly stated the Company has the right to the IPI credits. The Company estimates the total amount of the IPI credits to be approximately \$94,316 at March 31, 2013. Since the March 2013 ruling definitively (without the government's ability to appeal) granted the Company the ownership of the IPI credits generated between 1983 and 1990 the Company believes the amount of IPI credits that were used to offset other federal taxes in 2004 and 2005 are realizable beyond a reasonable doubt. Accordingly, and at March 31, 2013, the Company recorded the \$24,142 IPI credits it realized in the Statements of Consolidated Operations in Other Income. No further benefit has been recognized pending the outcome of the judicial procedure to ascertain the final amount as those amounts have not yet been realized.

Other

Mindo, S.r.l., the purchaser in 2004 of the Company's Italian subsidiary Dimon Italia, S.r.l., asserted claims against a subsidiary of the Company arising out of that sale transaction in an action filed before the Court of Rome on April 12, 2007. The claim involved a guaranty letter issued by a consolidated subsidiary of the Company in connection with the sale transaction, and sought the recovery of €7,400 plus interest and costs. On November 11, 2013, the court issued its judgment in favor of the Company’s subsidiary, rejecting the claims asserted by Mindo, S.r.l., and awarding the

Company's subsidiary legal costs of €48. On December 23, 2014, Mindo, S.r.l. appealed the judgment of the Court of Rome to the Court of Appeal of Rome. A hearing before the Court of Appeal of Rome has been set for June 12, 2015. The outcome of, and timing of a decision on, the appeal are uncertain.

In addition to the above-mentioned matter, certain of the Company's subsidiaries are involved in other litigation or legal matters incidental to their business activities, including tax matters. While the outcome of these matters cannot be predicted with certainty, the Company is vigorously defending them and does not currently expect that any of them will have a material adverse effect on its business or financial position. However, should one or more of these matters be resolved in a manner adverse to its current expectation, the effect on the Company's results of operations for a particular fiscal reporting period could be material.

In accordance with generally accepted accounting principles, the Company records all known asset retirement obligations ("ARO") for which the liability can be reasonably estimated. Currently, it has identified an ARO associated with one of its facilities that requires it to restore the land to its initial condition upon vacating the facility. The Company has not recognized a liability under generally accepted accounting principles for this ARO because the fair value of restoring the land at this site cannot be reasonably estimated since the settlement date is unknown at this time. The settlement date is unknown because the land restoration is not required until title is returned to the government, and the Company has no current or future plans to return the title. The Company will recognize a liability in the period in which sufficient information is available to reasonably estimate its fair value.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries

(in thousands)

Note 17 – Sale of Receivables

The Company sells trade receivables to unaffiliated financial institutions under three accounts receivable securitization programs. Under the first program, the Company continuously sells a designated pool of trade receivables to a special purpose entity, which in turn sells 100% of the receivables to an unaffiliated financial institution. This program allows the Company to receive a cash payment and a deferred purchase price receivable for sold receivables. Following the sale and transfer of the receivables to the special purpose entity, the receivables are isolated from the Company and its affiliates, and upon the sale and transfer of the receivables from the special purpose entity to the unaffiliated financial institutions effective control of the receivables is passed to the unaffiliated financial institution, which has all rights, including the right to pledge or sell the receivables. The investment limit is \$250,000, which was reduced to \$150,000 on April 30, 2015. The Company incurred program costs of \$1,642 and \$1,675 during the years ending March 31, 2015 and 2014 which were included in Other Income in the Statements of Consolidated Operations. The program requires a minimum level of deferred purchase price to be retained by the Company in connection with the sales. The Company continues to service, administer and collect the receivables on behalf of the special purpose entity and receives a servicing fee of 0.5% of serviced receivables per annum. As the Company estimates the fee it receives in return for its obligation to service these receivables is at fair value, no servicing assets or liabilities are recognized. Servicing fees recognized were not material and are recorded as a reduction of Selling, General and Administrative Expenses within the Statements of Consolidated Operations.

The agreement for the second securitization program previously executed on September 28, 2011, as amended November 30, 2013, expired December 31, 2014. This securitization program was replaced by a securitization program with the same financial institution executed on March 31, 2015. The agreement for the third securitization program was executed on March 28, 2013, amended and restated March 25, 2014. These programs also allow the Company to receive a cash payment and a deferred purchase price receivable for sold receivables. These are uncommitted programs, whereby the Company offers receivables for sale to the respective unaffiliated financial institution, which are then subject to acceptance by the unaffiliated financial institution. Following the sale and transfer of the receivables to the unaffiliated financial institution, the receivables are isolated from the Company and its affiliates, and effective control of the receivables is passed to the unaffiliated financial institution, which has all rights, including the right to pledge or sell the receivables. The Company receives no servicing fee from the unaffiliated financial institution and as a result, has established a servicing liability based upon unobservable inputs, primarily discounted cash flow. For the years ended March 31, 2015 and 2014, the expense for the servicing liability was \$178 and \$184 which is included in Other Income in the Statements of Consolidated Operations. The liability is recorded in Accrued Expenses and other Current Liabilities in the Consolidated Balance Sheets. As receivables sold under these facilities were settled in fiscal 2015 and 2014, the servicing liability was reduced by \$115 and \$281 and is included in Selling, General and Administrative Expenses in the Statements of Consolidated Operations. The investment limits under the second and third agreements are \$35,000 and \$100,000 respectively. The cost for entering the third program was \$1,220 and is included in Other Income in the Statements of Consolidated Operations in fiscal 2013.

Under the programs, all of the receivables sold for cash are removed from the Consolidated Balance Sheets and the net cash proceeds received by the Company are included as cash provided by operating activities in the Statements of Consolidated Cash Flows. A portion of the purchase price for the receivables is paid by the unaffiliated financial institutions in cash and the balance is a deferred purchase price receivable, which is paid as payments on the receivables are collected from account debtors. The deferred purchase price receivable represents a continuing involvement and a beneficial interest in the transferred financial assets and is recognized at fair value as part of the sale transaction. The deferred purchase price receivables are included in Trade and Other Receivables, Net in the

Consolidated Balance Sheets and are valued using unobservable inputs (i.e., level three inputs), primarily discounted cash flow. As servicer of these facilities, the Company may receive funds that are due to the unaffiliated financial institutions which are net settled on the next settlement date. As of March 31, 2015 and 2014, Trade and Other Receivables, Net in the Consolidated Balance Sheets has been reduced by \$20,396 and \$16,575 as a result of the net settlement. See Note 18 "Fair Value Measurements" to the "Notes to Consolidated Financial Statements" for further information.

The difference between the carrying amount of the receivables sold under these programs and the sum of the cash and fair value of the other assets received at the time of transfer is recognized as a loss on sale of the related receivables and recorded in Other Income in the Statements of Consolidated Operations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 17 – Sale of Receivables (continued)

The following table summarizes the Company's accounts receivable securitization information as of March 31:

	2015	2014
Receivables outstanding in facility as of March 31:	\$235,162	\$204,364
Beneficial interest as of March 31	\$40,712	\$35,559
Servicing Liability as of March 31	\$131	\$69
Cash proceeds for the twelve months ended March 31:		
Cash purchase price	\$622,844	\$801,480
Deferred purchase price	229,573	268,650
Service fees	589	572
Total	\$853,006	\$1,070,702

Note 18 – Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. A three-level valuation hierarchy based upon observable and non-observable inputs is utilized. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. Preference is given to observable inputs. These two types of inputs create the following fair value hierarchy:

Level 1 - Quoted prices for identical assets or liabilities in active markets.

Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 - Significant inputs to the valuation model are unobservable.

The Company's financial assets and liabilities measured at fair value include derivative instruments, securitized beneficial interests and guarantees. The application of the fair value guidance to our non-financial assets and liabilities primarily includes assessments of investments in subsidiaries, goodwill and other intangible assets and long-lived assets for potential impairment.

Following are descriptions of the valuation methodologies the Company uses to measure different assets or liabilities at fair value.

Debt

The fair value of debt is measured for purpose of disclosure. Debt is shown at historical value in the Consolidated Balance Sheets. When possible, to measure the fair value of its debt the Company uses quoted market prices of its own debt with approximately the same remaining maturities. When this is not possible, the fair value of debt is calculated using discounted cash flow models with interest rates based upon market based expectations, the Company's credit risk and the contractual terms of the debt instrument. The Company has portions of its debt with

maturities of one year or less for which book value is a reasonable approximation of the fair value of this debt. The fair value of debt is considered to fall within Level 2 of the fair value hierarchy as significant value drivers such as interest rates are readily observable. The carrying value and estimated fair value of the Company's Long-Term Debt are shown in the table below.

	March 31,	
	2015	2014
Carrying value	\$741,837	\$904,919
Estimated fair value	653,548	919,435

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 18 – Fair Value Measurements (continued)

Derivative financial instruments

The Company's derivatives consist of foreign currency contracts. The fair value of the derivatives are determined using a discounted cash flow analysis on the expected future cash flows of each derivative. This analysis utilizes observable market data including forward yield curves and implied volatilities to determine the market's expectation of the future cash flows of the variable component. The fixed and variable components of the derivative are then discounted using calculated discount factors developed based on the LIBOR swap rate and are netted to arrive at a single valuation for the period. The Company also incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. As of March 31, 2015 and March 31, 2014 the inputs used to value the Company's derivatives fall within Level 2 of the fair value hierarchy. However, credit valuation adjustments associated with its derivatives could utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. Should the use of such credit valuation adjustment estimates result in a significant impact on the overall valuation, this would require reclassification to Level 3.

Securitized beneficial interests

The fair value of securitized beneficial interests is based upon a valuation model that calculates the present value of future expected cash flows using key assumptions for payment speeds and discount rates. The assumptions for payment speed are based on the Company's historical experience. The discount rates are based upon market trends and anticipated performance relative to the particular assets securitized which have been assumed to be commercial paper rate plus a margin or LIBOR plus a margin. Due to the use of the Company's own assumptions which are not observable, and the uniqueness of these transactions, securitized beneficial interests fall within Level 3 of the fair value hierarchy. Since the discount rate and the payment speed are components of the same equation, a change in either by 10% or 20% would change the value of the recorded beneficial interest at March 31, 2015 by \$218 and \$437, respectively.

Guarantees

The Company guarantees funds issued to tobacco suppliers by third party lending institutions and also guarantees funds borrowed by a deconsolidated subsidiary. The fair value of guarantees is based upon either the premium the Company would require to issue the same inputs or historical loss rates and as such these guarantees fall into Level 3 of the fair value hierarchy.

Tobacco Supplier Guarantees - The Company provides guarantees to third parties for indebtedness of certain tobacco suppliers to finance their crops. The fair value of these guarantees is the greater of using a discounted cash flow based on rates with and without the guarantees or applying historical loss rates generated from guaranteed and non-guaranteed tobacco supplier loans. Should the loss rates change 10% or 20%, the fair value of the guarantee at March 31, 2015 would change by \$859 or \$1,704, respectively.

Deconsolidated subsidiary guarantees - The fair value of these guarantees is determined using a discounted cash flow model based on the differential between interest rates available with and without the guarantees. The fair value of these guarantees is most closely tied to the theoretical interest rate differential. Should interest rates used in the model change by 10% or 20%, the fair value of the guarantee, at March 31, 2015 would change by \$413 or \$817, respectively.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries

(in thousands)

Note 18 – Fair Value Measurements (continued)

Input Hierarchy of Items Measured at Fair Value on a Recurring Basis

The following tables present the Company's assets and liabilities measured at fair value on a recurring basis:

	March 31, 2015			March 31, 2014		
	Level 2	Level 3	Total Assets / Liabilities, at Fair Value	Level 2	Level 3	Total Assets / Liabilities, at Fair Value
Assets						
Derivative financial instruments	\$ 1,373	\$—	\$ 1,373	\$—	\$—	\$ —
Securitized beneficial interests	—	40,712	40,712	—	35,559	35,559
Total Assets	\$ 1,373	\$ 40,712	\$ 42,085	\$—	\$ 35,559	\$ 35,559
Liabilities						
Guarantees	\$—	\$ 8,650	\$ 8,650	\$—	\$ 7,344	\$ 7,344
Derivative financial instruments	—	—	—	169	—	169
Total Liabilities	\$—	\$ 8,650	\$ 8,650	\$ 169	\$ 7,344	\$ 7,513

Reconciliation of Change in Recurring Level 3 Balances

The following tables present the changes in Level 3 instruments measured on a recurring basis.

	Securitized Beneficial Interests	Guarantees
Beginning Balance March 31, 2013	\$ 31,992	\$ 6,367
Issuance of guarantees/sales of receivables	287,432	11,013
Settlements	(278,990)	(9,740)
Changes in anticipated loss rate	—	—
Losses recognized in earnings	(4,875)	(296)
Ending Balance March 31, 2014	35,559	7,344
Issuance of guarantees/sales of receivables	233,392	12,921
Settlements	(223,150)	(9,304)
Changes in anticipated loss rate	—	—
Losses recognized in earnings	(5,089)	(2,311)
Ending Balance at March 31, 2015	\$ 40,712	\$ 8,650

The amount of total losses included in earnings for the years ended March 31, 2015 and 2014 attributable to the change in unrealized losses relating to assets still held at the respective dates was \$2,034 and \$1,572 on securitized

beneficial interests.

Gains and losses included in earnings are reported in Other Income.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 18 - Fair Value Measurements (continued)

Information About Fair Value Measurements Using Significant Unobservable Inputs

The following table summarizes significant unobservable inputs and the valuation techniques thereof for the periods ended March 31, 2015 and 2014:

	Fair Value at 3/31/2015	Valuation Technique	Unobservable Input	Range (Weighted Average)
Securitized Beneficial Interests			Discount Rate	2.73% to 2.74%
	\$ 40,712	Discounted Cash Flow	Payment Speed	116.0 to 119.4 days
Tobacco Supplier Guarantees	3,110	Historical Loss	Historical Loss	10.0% to 15.8%
	3,412	Discounted Cash Flow	Market Interest Rate	13.0% to 22.0%
Deconsolidated Subsidiary Guarantees	2,128	Discounted Cash Flow	Market Interest Rate	12.0 %

	Fair Value at 3/31/2014	Valuation Technique	Unobservable Input	Range (Weighted Average)
Securitized Beneficial Interests	\$ 35,559	Discounted Cash Flow	Discount Rate	2.74% to 3.86%
			Payment Speed	62.1 to 105.1 days
Tobacco Supplier Guarantees	1,211	Historical Loss	Historical Loss	6.0% to 8.0%
	4,157	Discounted Cash Flow	Market Interest Rate	10.0% to 46.0%
Deconsolidated Subsidiary Guarantees	1,976	Discounted Cash Flow	Market Interest Rate	12 %

Note 19 – Related Party Transactions

The Company's operating subsidiaries engage in transactions with related parties in the normal course of business. The following is a summary of balances and transactions with related parties of the Company:

	March 31, 2015	March 31, 2014	
Balances:			
Accounts receivable	\$41,816	\$44,869	
Accounts payable	\$58,512	\$63,384	
	Year Ended March 31,		
	2015	2014	2013
Transactions:			
Sales	\$20,692	\$—	\$—
Purchases	\$271,466	\$258,169	\$240,635

The Company's operating subsidiaries have entered into transactions with affiliates of the Company for the purpose of procuring inventory.

The Company's balances due to and from related parties are primarily with its deconsolidated Zimbabwe subsidiary. The remaining related party balances and transactions relate to the Company's equity basis investments in companies located in Asia, South America, North America and Europe which grow, purchase, process and sell tobacco or produce consumable e-liquids.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 20 – Selected Quarterly Financial Data (Unaudited)

As discussed in Note 1A, the Company has identified certain accounting errors that affected consolidated financial statement amounts that were previously presented in its earlier filed Forms 10-Q and Form 10-K for the periods below.

The quarterly financial information in 2015 and 2014, as originally reported (“As Previously Reported”), as adjusted (“Adjustments”) and as restated to correct these errors (“As Restated”), is presented below:

As Previously Reported	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Fiscal Year
Year Ended March 31, 2015					
Sales and other operating revenue	\$249,017	\$589,815	\$488,921	\$738,097	\$2,065,850
Gross profit	35,104	71,483	69,704	78,788	255,079
Restructuring	—	500	—	8,618	9,118
Net income (loss)	(18,563)	(1,917)	1,122	3,761	(15,597)
Net earnings (loss) attributable to noncontrolling interest	55	(7)	(230)	10	(172)
Net income (loss) attributable to Alliance One International, Inc.	(18,618)	(1,910)	1,352	3,751	(15,425)
Per Share of Common Stock:					
Basic earnings (loss) attributable to Alliance One International, Inc. (1)	(2.12)	(0.22)	0.15	0.42	(1.75)
Diluted earnings (loss) attributable to Alliance One International, Inc. (1)	(2.12)	(0.22)	0.15	0.42	(1.75)
Market Price - High	30.10	27.40	21.00	16.30	30.10
- Low	23.00	19.30	15.20	8.30	8.30

Inventory Adjustments
First Quarter Second Quarter Third Quarter Fourth Quarter Fiscal Year
(2)

Year Ended March 31, 2015				
Sales and other operating revenue	\$ —	\$ —	\$ —	\$ —
Gross profit	(13,762)	(755)	3,589	(14,727)
Restructuring	—	—	—	—
Net income (loss)	(10,741)	1,008	5,956	(13,899)
Net earnings (loss) attributable to noncontrolling interest	—	—	—	—
Net income (loss) attributable to Alliance One International, Inc.	(10,741)	1,008	5,956	(13,899)
Per Share of Common Stock:				
Basic earnings (loss) attributable to Alliance One International, Inc.	(1.15)	0.11	0.67	(1.58)
Diluted earnings (loss) attributable	(1.20)	0.11	0.67	(1.58)

to
Alliance
One
International,
Inc.
(1)

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 20 – Selected Quarterly Financial Data (Unaudited) (continued)

Receivables First Adjustments Quarter (S)	Second Quarter	Third Quarter	Fourth Quarter	Fiscal Year
Year Ended March 31, 2015				
Sales and the operating revenue	\$ 7,155	\$ 306	\$ (6,004)	\$ 1,584
Gross profit	7,155	306	(6,004)	1,584
Restructuring Net income (loss)	—	—	—	—
Net earnings (loss) attributable to noncontrolling interest	4,580	(21)	(6,356)	1,495
Net income (loss) attributable to Alliance One International, Inc. Per Share of Common Stock: Basic earnings	0.51	—	(0.71)	0.17

(loss)
attributable
to

Alliance
One
International,
Inc.

(1)
Diluted
earnings

(loss)
attributable

to
0.37 0.51 — (0.71) 0.17
Alliance

One
International,
Inc.

(1)

Other First Second Third Fourth Fiscal
Adjustments Quarter Quarter Quarter Quarter Year
(4)

Year
Ended
March
31,
2015

Sales
and

\$ther —\$ — \$ —\$(569) \$(569)

operating
revenue

Gross 1,839 — — (1,058) 781
profit

Restructuring

Net 1,761 (81) 956 (939) 1,699
income

(loss)

Net
earnings

(loss)
attributable

to
noncontrolling
interest

Net 1,761 (81) 956 (939) 1,699
income

(loss)
attributable

to
Alliance

One
International,
Inc.
Per
Share
of
Common
Stock:

Basic
earnings
(loss)
attributable

to
0.20 (0.01) 0.11 (0.11) 0.19
Alliance

One
International,
Inc.

(1)
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to
0.20 (0.01) 0.11 (0.11) 0.19
Alliance

One
International,
Inc.

(1)

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries

(in thousands)

Note 20 – Selected Quarterly Financial Data (Unaudited) (continued)

As Restated	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Fiscal Year
Year Ended March 31, 2015					
Sales and other operating revenue	\$249,144	\$596,970	\$489,227	\$731,524	\$2,066,865
Gross profit	33,271	64,876	69,255	75,315	242,717
Restructuring	—	500	—	8,618	9,118
Net income (loss)	(23,630)	(8,158)	3,065	2,421	(26,302)
Net earnings (loss) attributable to noncontrolling interest	55	(7)	(230)	10	(172)
Net income (loss) attributable to Alliance One International, Inc.	(23,685)	(8,151)	3,295	2,411	(26,130)
Per Share of Common Stock:					
Basic earnings (loss) attributable to Alliance One International, Inc. (1)	(2.69)	(0.92)	0.37	0.27	(2.96)
Diluted earnings (loss) attributable to Alliance One International, Inc. (1)	(2.69)	(0.92)	0.37	0.27	(2.96)
Market Price - High	30.10	27.40	21.00	16.30	30.10
- Low	23.00	19.30	15.20	8.30	8.30
As Previously Reported					
Year Ended March 31, 2014					
Sales and other operating revenue	\$383,887	\$700,680	\$654,550	\$615,839	\$2,354,956
Gross profit	28,494	83,970	83,841	43,722	240,027
Debt Retirement Expense	17	55,582	64	1,786	57,449
	1,244	(499)	(1,627)	19,112	18,230

Other Income (expense)					
Net income (loss)	(36,733)	(46,086)	13,017	(17,200)	(87,002)
Net earnings (loss) attributable to non-controlling interest	129	(104)	(270)	(98)	(343)
Net income (loss) attributable to Alliance One International, Inc.	(36,862)	(45,982)	13,287	(17,102)	(86,659)
Per Share of Common Stock:					
Basic earnings (loss) attributable to Alliance One International, Inc. (1)	(4.21)	(5.25)	1.51	(1.94)	(9.88)
Diluted earnings (loss) attributable to Alliance One International, Inc. (1)	(4.21)	(5.25)	1.39	(1.94)	(9.88)
Market Price - High	39.90	42.30	32.50	31.00	42.30
- Low	34.10	27.90	28.10	24.10	24.10

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 20 – Selected Quarterly Financial Data (Unaudited) (continued)

Inventory First Adjustments Quarter (2) Year Ended March 31, 2014 Sales and other operating revenue Gross profit Debt Retirement Expense Other Income (expense) Net income (loss) Net earnings (loss) attributable to non-controlling interest Net income (loss) attributable to Alliance One International, Inc. Per Share	Second Quarter	Third Quarter	Fourth Quarter	Fiscal Year
\$ —	\$ —	\$ —	\$ —	\$ —
(2,664)	(2,700)	(8,408)	3,205	(10,567)
—	—	—	—	—
—	—	—	—	—
(2,149)	(3,343)	(7,120)	1,606	(11,006)
—	—	—	—	—
(2,149)	(3,343)	(7,120)	1,606	(11,006)

of
Common
Stock:
Basic
earnings
(loss)
attributable
to
(0.25) (0.38) (0.80) 0.18 (1.25)
Alliance

One
International,
Inc.

(1)
Diluted
earnings
(loss)
attributable
to
(0.25) (0.38) (0.74) 0.18 (1.25)
Alliance

One
International,
Inc.

(1)

Receivables
First Second Third Fourth Fiscal
Adjustments Quarter Quarter Quarter Year
(3)

Year
Ended
March
31,
2014
Sales
and
\$1,503 \$ 4,193 \$ 3,725 \$ (9,765) \$(344)
the
operating
revenue

Gross
1,503 4,193 3,725 (9,765) (344)
profit

Debt
Retirement — — —

Expense
Other

Income — — — —
(expense)

Net
in 2014 4,156 3,648 (9,953) (358)
in 2013
(loss)

Net — — — —
earnings
(loss)

attributable
to
non-controlling
interest

Net
income
(loss)
attributable
to 791 4,156 3,648 (9,953) (358)

Alliance
One
International,
Inc.

Per
Share
of
Common
Stock:

Basic
earnings
(loss)
attributable
to 0.20 0.47 0.41 (1.12) (0.04)

Alliance
One
International,
Inc.

(1)
Diluted
earnings
(loss)
attributable

to 0.20 0.47 0.38 (1.12) (0.04)

Alliance
One
International,
Inc.

(1)

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 20 – Selected Quarterly Financial Data (Unaudited) (continued)

Other First Adjustments Quarter (4)	Second Quarter	Third Quarter	Fourth Quarter	Fiscal Year
Year Ended March 31, 2014				
Sales and other revenue	\$ 176	\$ —	\$ —	\$ (76)
Gross profit	(621)	—	(1,839)	(2,460)
Debt Retirement Expense	—	—	—	—
Other Income (expense)	—	—	530	530
Net income (loss)	(873)	(224)	(1,717)	(3,038)
Net earnings (loss) attributable to non-controlling interest	—	—	—	—
Net income (loss) attributable to Alliance One International, Inc. Per Share	(873)	(224)	(1,717)	(3,038)

of
Common
Stock:
Basic
earnings
(loss)
attributable
to
(0.10) (0.03) (0.03) (0.20) (0.35)
Alliance
One
International,
Inc.
(1)
Diluted
earnings
(loss)
attributable
to
(0.10) (0.03) (0.03) (0.20) (0.35)
Alliance
One
International,
Inc.
(1)

As Restated	First	Second	Third	Fourth	Fiscal Year
Year Ended March	Quarter	Quarter	Quarter	Quarter	
31, 2014					
Sales and other operating revenue	\$385,314	\$704,873	\$658,275	\$606,074	\$2,354,536
Gross profit	26,712	85,463	79,158	35,323	226,656
Debt Retirement Expense	17	55,582	64	1,786	57,449
Other Income (expense)	1,244	(499)	(1,627)	19,642	18,760
Net income (loss)	(37,964)	(45,498)	9,321	(27,263)	(101,404)
Net earnings (loss) attributable to non-controlling interest	129	(104)	(270)	(98)	(343)
Net income (loss) attributable to Alliance One International, Inc.	(38,093)	(45,394)	9,591	(27,165)	(101,061)
Per Share of Common Stock:					
Basic earnings (loss) attributable to Alliance One International, Inc.	(4.35)	(5.18)	1.09	(3.09)	(11.52)

(1)
 Diluted earnings
 (loss) attributable to
 Alliance One (4.35) (5.18) 1.02 (3.09) (11.52)
 International, Inc.

(1)
 Market Price - High 39.90 42.30 32.50 31.00 42.30
 - Low 34.10 27.90 28.10 24.10 24.10

(1) Does not add due to quarterly change in average shares outstanding

(2) Adjustments for the errors described in Note 1A related to 1) improper accounting for shrinkage, deferred crop costs, lower of cost or market valuations and accurate inventory, and 2) costs of goods and services sold associated with improper revenue recognition.

(3) Adjustments for the errors described in Note 1A related to improper revenue recognition.

(4) Adjustments for the previously identified immaterial accounting errors described in Note 1A, primarily impacting inventories, costs of goods and services sold, income tax expense, and interest expense.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 20 – Selected Quarterly Financial Data (Unaudited) (continued)

Second Quarter 2014 - Debt retirement expense of \$55,582 related to redemption of the Company's \$635,000 10% Senior Notes due 2016 and purchase of \$60,000 of the Company's existing \$115,000 5 1/2% Convertible Senior Subordinated Notes due 2014.

Fourth Quarter 2014 - Other income of \$20,899 related to gain on sale of 51% of a Brazilian subsidiary to complete the formation of a new joint venture.

Fourth Quarter 2015 - Restructuring charges of \$8,618 related to first phase of global restructuring plan in connection with reduction in global workforce.

Note 21 - Subsequent Event

On June 2, 2015, the Company entered into the Third Amendment to the Amended and Restated Credit Agreement (the "Third Amendment"), which amended the credit agreement, as amended (the "Credit Agreement"), governing the Company's senior secured credit facility. The Third Amendment modified the definition of Consolidated EBIT to permit add backs for specified periods for reserves taken with respect to receivables, restructuring charges and adjustments for applying the rule of lower of cost or market to inventories, modified the Minimum Consolidated Interest Coverage Ratio to 1.60 to 1.00 for the periods ending June 30, 2015 and September 30, 2015, 1.65 to 1.00 for the period ending December 31, 2015 and 1.70 to 1.00 for the period ending March 31, 2016, modified the Maximum Consolidated Leverage Ratio to 7.60 to 1.00 for the periods ending June 30, 2015 and September 30, 2015 and 7.15 to 1.00 for the period ending December 31, 2015, modified the restricted payments covenant to permit repayment of the Company's Senior Secured Second Lien Notes by up to \$50,000 in any fiscal year, with carry forward of any unused amount into the next fiscal year, modified a covenant to provide a 90-day cure period if Uncommitted Inventories (as defined in the Credit Agreement) exceed the threshold of \$250,000, but only to the extent that they do not exceed \$285,000, and provides for first-lien mortgages on the Company's facilities located in Farmville, King and Wilson, North Carolina. See Note 8 "Long-Term Debt-Senior Secured Credit Facility-Financial Covenants" to the "Notes to Consolidated Financial Statements" for further information.

On May 28, 2015, the Company's Board of Directors approved a 1-for-10 reverse stock split of the Company's common stock that was effective after the close of business on June 26, 2015. The Company's shareholders granted the Board of Directors discretionary authority to effect this reverse stock split at the Company's special meeting of shareholders held on May 27, 2015.

On May 20, 2016, the Company entered into the Fourth Amendment to the Amended and Restated Credit Agreement (the "Fourth Amendment"), which amended the Credit Agreement dated as of July 2, 2009, as amended and restated as of August 1, 2013, between the Company, certain of its subsidiaries, the lenders party thereto and Deutsche Bank Trust Company Americas, as administrative agent (as so amended and restated, the "Credit Agreement"). The Fourth Amendment effected the following modifications to the Credit Agreement (capitalized terms are as defined in the Credit Agreement):

• modified the threshold for the Consolidated Interest Coverage Ratio for the fiscal quarter ending March 31, 2017 from 1.90 to 1.00 to 1.65 to 1.00;

modified the threshold for the Consolidated Leverage Ratio for the fiscal quarter ending March 31, 2017 from 5.10 to 1.00 to 5.50 to 1.00; and

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (AS RESTATED) (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED) (continued)

Alliance One International, Inc. and Subsidiaries
(in thousands)

Note 21 - Subsequent Event (continued)

modified the definition of Consolidated EBIT to permit the add backs for the specified periods as set forth in the table below in connection with certain discrepancies discovered with respect to the Company's Kenyan subsidiary:

For the Quarter Ended	Kenyan Discrepancies	Legal and Professional Costs in Respect of Kenyan Discrepancies
March 31, 2013	\$(1,745,717)	0
June 30, 2013	\$2,198,708	0
September 30, 2013	\$(1,492,481)	0
December 31, 2013	\$4,681,765	0
March 31, 2014	\$7,869,112	0
June 30, 2014	\$1,834,281	0
September 30, 2014	\$6,606,350	0
December 31, 2014	\$449,593	0
March 31, 2015	\$3,577,392	0
June 30, 2015	\$5,263,723	0
September 30, 2015	\$5,821,224	0
December 31, 2015	0	\$1,771,000
March 31, 2016	0	\$6,129,000
June 30, 2016	0	\$4,000,000
September 30, 2016	0	\$3,500,000

Prior to the execution of the Fourth Amendment, the Company would have been in violation of one or more covenants in fiscal 2014 and 2015 as a result of improper accounting for accounts receivable, inventory, sales and cost of goods sold in Kenya. In the Fourth Amendment, the lenders modified certain financial covenants and definitions as described above and, as a result, the Company was in compliance with all such amended covenants for fiscal 2013, 2014 and 2015.

Note that in March 2016, Moody's Investors Service downgraded the Corporate Family Rating of the Company to Caa2 from Caa1. Moody's also downgraded the Probability of Default Rating to Caa2-PD from Caa1-PD, and the senior secured second lien note rating to Caa3 with a Loss Given Default ("LGD") of 5 from Caa2 and a LGD of 5. At the same time Moody's affirmed the Company's senior secured bank credit facility rating at B1 with a LGD of 1 and the Speculative Grade Liquidity Rating at SGL-4. Standard & Poor's ("S&P") ratings are Corporate Credit Rating CCC+, senior secured second lien note rating CCC with a recovery rating ("RR") of 5 and a senior secured debt rating of B with a RR of 1. Both Moody's and S&P have outlook negative. However, the Company affirms its belief that the sources of capital it has access to are sufficient to fund its anticipated needs for fiscal years 2016 and 2017. As of March 31, 2016, available credit lines and cash were \$604.5 million, comprised of \$189.2 million in cash; \$415.3 million of credit lines, of which \$10.3 million was available under the U.S. revolving credit facility; and \$405.0 million of foreign seasonal credit lines with \$13.1 million exclusively for letters of credit. Notes payable to banks are typically for 180 to 270 days and are entered into each year in various locales around the world. The U.S revolver matures April 15, 2017 and the Company plans to either extend or refinance this facility during fiscal year 2017. The Company's access to capital meets its current expectations and outlook that is anticipated to provide sufficient liquidity to fulfill its future funding requirements. General deterioration of its business and the cash flow that it generates, failure to renew foreign lines or an inability to extend or refinance its U.S. revolver could impact its ability to meet its future liquidity requirements.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Alliance One International, Inc.:

We have audited the accompanying consolidated balance sheets of Alliance One International, Inc. and subsidiaries (the "Company") as of March 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the three years in the period ended March 31, 2015. Our audits also included the financial statement schedule listed in the Index at Item 15. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and financial statement schedule based on our audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). These standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2015, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 1A to the consolidated financial statements, the accompanying consolidated financial statements have been restated to correct misstatements.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of March 31, 2015 based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated June 8, 2015, (May 24, 2016 as to the effects of the material weaknesses described in Management's Report on Internal Control over Financial Reporting (As Revised)), which report expressed an adverse opinion on the Company's internal control over financial reporting because of material weaknesses.

/s/ Deloitte & Touche LLP

Raleigh, North Carolina

June 8, 2015 (May 24, 2016 as to the effects of the restatement discussed in Note 1A, the effects of the reverse stock split discussed in Note 1, and the effects of the change in reportable segments discussed in Note 14).

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES (AS REVISED)

Evaluation of Disclosure Controls and Procedures

In connection with the preparation of our original filing of the Annual Report on Form 10-K, an evaluation was carried out by the Company's management, with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (Exchange Act)) as of March 31, 2015. Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods required by the U.S. Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures. At the time the original filing was filed on June 8, 2015, our Chief Executive Officer and Chief Financial Officer concluded our disclosure controls and procedures were effective as of March 31, 2015.

Subsequent to that evaluation, management reassessed the effectiveness of internal control over financial reporting as of March 31, 2015, based on the criteria in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in 2013. As a result of this reassessment, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were not effective as of March 31, 2015.

Management's Report on Internal Control Over Financial Reporting (As Revised)

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control over financial reporting is a process, under the supervision of our Chief Executive Officer and Chief Financial Officer, designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Our internal control over financial reporting includes those policies and procedures that:

- i. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- ii. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- iii. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an assessment of the effectiveness of the Company's internal control over financial reporting in connection with the original filing of the Annual Report on Form 10-K on June 8, 2015 and based on that

assessment, management concluded internal control over financial reporting was effective as of March 31, 2015.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. Based on management's reassessment of internal control over financial reporting discussed above, and the identification of certain control deficiencies that constitute material weaknesses, our Chief Executive Officer and Chief Financial Officer have concluded that our internal control over financial reporting was not effective as of March 31, 2015.

Our Chief Executive Officer and Chief Financial Officer have concluded that the following material weaknesses in internal control over financial reporting existed at the Kenyan subsidiary as of March 31, 2015:

Processes and control activities designed to support the amounts of inventory recorded in the general ledger were not effective, were incorrectly applied or were overridden. It appears that local management, through collusion, overrode controls to record fictional inventory balances.

ITEM 9A. CONTROLS AND PROCEDURES (AS REVISED) (continued)

Evaluation of Disclosure Controls and Procedures (continued)

Processes and control activities designed to support the amounts of deferred crop costs recorded in the general ledger were not effective, were incorrectly applied or were overridden. It appears that local management, through collusion, overrode controls to inappropriately cost redried inventory and understate cost of goods sold.

Processes and control activities designed to support the revenue transactions recorded in the general ledger were not effective, were incorrectly applied or were overridden. Specifically, revenues were recorded based on estimated transactions and actual transactions were processed outside the general ledger system. As a result revenue recorded did not reflect actual sales transactions and accounts receivable balances were recorded which would not be realized.

Our Chief Executive Officer and Chief Financial Officer have also concluded that the following material weaknesses existed at the regional and corporate levels as of March 31, 2015:

The Company's regional review of operations at African origins was ineffective due to the lack of adequate qualified resources to appropriately examine and investigate financial results. Although the financial information from the Kenya origin was reviewed on a timely basis, the regional review did not incorporate the qualitative and operational context needed to perform an adequate review, which allowed the misstated balances to build up over extended periods of time.

The Company's fraud risk assessment was not adequately designed or implemented to address the risks of fraud in the African origins. The Company's assessment did not determine that the African region warranted additional control activities to respond to additional fraud risks in Africa.

Changes in Internal Control over Financial Reporting

The Company concluded the implementation of an ERP system using SAP applications during fiscal 2015. The implementation was part of a multi-year plan to install SAP at certain operations throughout the world to improve the Company's business processes and deliver enhanced operational and financial performance. During the three months ended March 31, 2015, there were no changes that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

The Company has completed or undertaken plans to remediate these control deficiencies that constituted material weaknesses:

The Kenyan management, including the Head of Operations, Deputy Managing and Finance Director, and Financial Controller believed to have been key directors of the collusion are no longer with the Company.

The Company is in the process of standardizing key controls. As part of this process, which is being led by Corporate Audit Services, the deficient control activities at the Kenya location will be replaced with the standardized key control activities. The control activities in Kenya will be tested for design and operating effectiveness in fiscal 2017.

Two new regional controller positions have been created for the Africa region. These positions will add an additional layer of review and oversight of African entities, and will function as "super" financial directors of three entities each, as well as being part of the regional team. The entities for which each position is responsible for will rotate every two years.

This African regional controller team will perform new analyses, which may include but are not limited to trend analyses over time, crop information and inventory turns (including by comparison to other origins within the region) to corroborate accounting amounts, sign off on quarterly packet reviews and account reconciliations, and monitoring controls around the financial close process. Additionally, the regional controllers will regularly visit origins for their work to help assess monthly and quarterly financial processes. We will enhance regional review procedures at the Corporate level with the implementation of semi-annual regional risk management committee meetings to review business risks and controls, and results of the region based on new analyses and trends as well.

The Company's fraud risk assessment of a location will be included as a factor in determining the scope of our SOX compliance program, in order to more specifically tailor the design of internal control over financial reporting to mitigate the risk of material misstatement caused by fraud or otherwise.

In light of the material weakness referred to above, we performed additional analyses and procedures in order to conclude that our consolidated financial statements in this Form 10-K/A for the year ended March 31, 2015 are fairly presented, in all material respects, in accordance with US GAAP.

The effectiveness of our internal control over financial reporting as of March 31, 2015 has been audited by Deloitte & Touche, LLP, an independent registered public accounting firm, as stated in their attestation report that follows.

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ITEM 9A. CONTROLS AND PROCEDURES (AS REVISED) (continued)

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Alliance One International, Inc.:

We have audited the internal control over financial reporting of Alliance One International, Inc. and subsidiaries (the "Company") as of March 31, 2015, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting (As Revised). Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management's assessment:

Control Activities - The design, implementation and operation of process level controls in the Kenya location were ineffective.

Monitoring - The Company's regional monitoring controls were ineffective.

Risk Assessment - The Company's risk assessment was not sufficient to address risks of material misstatement due to fraud.

These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements and financial statement schedule as of and for the year ended March 31, 2015, of the Company, and this report does not affect our report on such financial statements and financial statement schedule.

In our opinion, because of the effect of the material weaknesses identified above on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of March 31, 2015, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended March 31, 2015 of the Company and our report dated June 8, 2015 (May 24, 2016 as to the effects of the restatement discussed in Note 1A, the effects of the reverse stock split discussed in Note 1, and the effects of the change in reportable segments discussed in Note 14 to the consolidated financial statements) expressed an unqualified opinion on those consolidated financial statements and financial statement schedule.

/s/ Deloitte & Touche LLP

Raleigh, North Carolina

June 8, 2015 (May 24, 2016 as to the effects of the material weaknesses described in Management's Report on Internal Control over Financial Reporting (As Revised))

ITEM 9B. OTHER INFORMATION

On June 2, 2015, the Company entered into the Third Amendment to the Amended and Restated Credit Agreement (the "Third Amendment"), which amended the credit agreement, as amended (the "Credit Agreement"), governing the Company's senior secured credit facility. The Third Amendment:

- modified the definition of Consolidated EBIT to permit add backs for specified periods for reserves taken with respect to receivables, restructuring charges and adjustments for applying the rule of lower of cost or market to inventories; modified the minimum Consolidated Interest Coverage Ratio (as defined in the Credit Agreement) to 1.60 to 1.00 for the periods ending June 30, 2015 and September 30, 2015, 1.65 to 1.00 for the period ending December 31, 2015 and 1.70 to 1.00 for the period ending March 31, 2016;
- modified the maximum Consolidated Leverage Ratio (as defined in the Credit Agreement) to 7.60 to 1.00 for the periods ending June 30, 2015 and September 30, 2015 and 7.15 to 1.00 for the period ending December 31, 2015;
- modified the restricted payments covenant to permit repayment of the Company's 9.875% Senior Secured Second Lien Notes due 2021 by up to \$50 million in any fiscal year, with carry forward of any unused amount into the next fiscal year;
- modified a covenant to provide a 90-day cure period if Uncommitted Inventories (as defined in the Credit Agreement) exceed the threshold of \$250 million, but only to the extent that they do not exceed \$285 million; and
- provides for first-lien mortgages on the Company's facilities located in Farmville, King and Wilson, North Carolina.

On May 20, 2016, the Company entered into the Fourth Amendment to the Amended and Restated Credit Agreement (the "Fourth Amendment"), which amended the Credit Agreement dated as of July 2, 2009, as amended and restated as of August 1, 2013, between the Company, certain of its subsidiaries, the lenders party thereto and Deutsche Bank Trust Company Americas, as administrative agent (as so amended and restated, the "Credit Agreement").

The Fourth Amendment effected the following modifications to the Credit Agreement (capitalized terms are as defined in the Credit Agreement):

- modified the threshold for the Consolidated Interest Coverage Ratio for the fiscal quarter ending March 31, 2017 from 1.90 to 1.00 to 1.65 to 1.00;
- modified the threshold for the Consolidated Leverage Ratio for the fiscal quarter ending March 31, 2017 from 5.10 to 1.00 to 5.50 to 1.00; and
- modified the definition of Consolidated EBIT to permit the add backs for the specified periods as set forth in the table below in connection with certain discrepancies discovered with respect to the Company's Kenyan subsidiary:

For the Quarter Ended	Kenyan Discrepancies	Legal and Professional Costs in Respect of Kenyan Discrepancies
March 31, 2013	\$(1,745,717)	0
June 30, 2013	\$2,198,708	0
September 30, 2013	\$(1,492,481)	0
December 31, 2013	\$4,681,765	0
March 31, 2014	\$7,869,112	0
June 30, 2014	\$1,834,281	0
September 30, 2014	\$6,606,350	0
December 31, 2014	\$449,593	0
March 31, 2015	\$3,577,392	0
June 30, 2015	\$5,263,723	0
September 30, 2015	\$5,821,224	0
December 31, 2015	0	\$1,771,000
March 31, 2016	0	\$6,129,000
June 30, 2016	0	\$4,000,000

September 30, 2016 0

\$3,500,000

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information concerning directors and persons nominated to become directors of Alliance One International, Inc. included in the Proxy Statement under the headings “Board of Directors - Proposal One-Election of Directors” and “Board of Directors - Director Biographies” is incorporated herein by reference. The information concerning the executive officers of the Company included in Part I, Item I of this Annual Report on Form 10-K under the heading “Business - Executive Officers of Alliance One International, Inc.” is incorporated herein by reference.

Audit Committee

The information included in the Proxy Statement under the headings “Board of Directors - Board Committees and Membership” and “Audit Matters” is incorporated herein by reference.

Section 16(a) Compliance

The information included in the Proxy Statement under the heading “Ownership of Equity Securities - Section 16(a) Beneficial Ownership Reporting Compliance” is incorporated herein by reference.

Code of Business Conduct

The information included in the Proxy Statement under the heading “Governance of the Company - Code of Business Conduct” is incorporated herein by reference.

Corporate Governance

The Board of Directors has adopted corporate governance guidelines and charters for its Audit Committee, Executive Compensation Committee and Governance and Nominating Committee. These governance documents are available on our website, www.aointl.com, or by written request, without charge, addressed to: Corporate Secretary, Alliance One International, Inc., 8001 Aerial Center Parkway, Morrisville, NC 27560-8417.

ITEM 11. EXECUTIVE COMPENSATION

The information contained in the Proxy Statement under the captions “Board of Directors – Compensation of Directors” and “Executive Compensation” is incorporated herein by reference.

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ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT
AND RELATED STOCKHOLDER MATTERS (AS RESTATED)

EQUITY COMPENSATION PLAN INFORMATION
as of March 31, 2015

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a) ⁽¹⁾	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b) ⁽²⁾	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a)) (c) ⁽³⁾
Equity Compensation Plans Approved by Security Holders	802,265	\$60.37	83,041
Equity Compensation Plans Not Approved by Security Holders	—	Not Applicable	—
Total	802,265	\$60.37	83,041

(1) These shares consist of 787,078 stock options, restricted stock units and performance share units issued and outstanding under the 2007 Incentive Plan and 15,188 stock options issued and outstanding under prior plans of the Company and its predecessors.

(2) The weighted-average exercise price does not take into account restricted stock units or performance share units.

(3) The Incentive Plan allows for these shares to be issued in a variety of forms, including stock options, stock appreciation rights, stock awards, stock units, performance awards and incentive awards. Further, the Number of Securities Remaining Available for Future Issuance as set forth in this column (c) will increase by the Number of Securities to be Issued (as reflected in column (a)) which are associated with options, rights and warrants plus other stock awards that are forfeited from time to time.

The information contained in the Proxy Statement under the caption "Ownership of Equity Securities," together with the information included herein is incorporated herein by reference. Shares, options, and weighted-average prices are adjusted for a 1-to-10 reverse stock split that was effective June 26, 2015.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR
INDEPENDENCE

The information contained in the Proxy Statement under the captions "Governance of the Company -Determination of Independence of Directors," "Board of Directors - Independence," "Board of Directors – Compensation of Directors," and "Executive Compensation - Compensation Discussion and Analysis - Employment and Consulting Agreements" is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information contained in the Proxy Statement under the captions "Audit Matters - Policy for Pre-Approval of Audit and Non-Audit Services" and "Audit Matters - Audit and Non-Audit Fees" is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES (AS RESTATED)

(a)(1) and (2)

LIST OF FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

Statements of Consolidated Operations –Years ended March 31, 2015, 2014 and 2013 (As Restated)

Statements of Consolidated Comprehensive Income (Loss) - Years ended March 31, 2015, 2014 and 2013 (As Restated)

Consolidated Balance Sheets - March 31, 2015 and 2014 (As Restated)

Statements of Consolidated Stockholders' Equity - Years ended March 31, 2015, 2014 and 2013 (As Restated)

Statements of Consolidated Cash Flows - Years ended March 31, 2015, 2014 and 2013 (As Restated)

Notes to Consolidated Financial Statements (As Restated)

Report of Deloitte & Touche LLP

Management's Report on Internal Control Over Financial Reporting (As Restated)

Report of Independent Registered Public Accounting Firm on Internal Control

Financial Statement Schedules:

Schedule II - Valuation and Qualifying Accounts (As Restated)

(b) Exhibits

The following documents are filed as exhibits to this Form 10 K pursuant to Item 601 of Regulation S K:

3.01 Amended and Restated Articles of Incorporation of Alliance One International, Inc., incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K, filed May 19, 2005 (SEC File No. 001-13684).

3.02 Amended and Restated Bylaws of Alliance One International, Inc., incorporated by reference to Exhibit 3.01 of the Current Report on Form 8-K, filed June 13, 2013 (SEC File No. 001-13684).

4.01 Specimen of Common Stock certificate incorporated by reference to Exhibit 4.01 to the Quarterly Report on Form 10-Q for the period ended December 31, 2009, filed February 8, 2010 (SEC File No. 001-13684).

4.02 Indenture dated as of August 1, 2013 among Alliance One International, Inc., Law Debenture Trust Company of New York, as trustee, Law Debenture Trust Company of New York, as collateral trustee, and Deutsche Bank Trust Company Americas, as registrar and paying agent, relating to 9.875% Senior Secured Second Lien Notes due 2021, incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K dated August 1, 2013 of Alliance One International, Inc. (SEC File No. 001-13684).

10.01 Amendment and Restatement Agreement dated as of July 26, 2013 among Alliance One International, Inc., Intabex Netherlands B.V., Alliance One International AG, the Lenders party thereto, and Deutsche Bank Trust Company Americas, as administrative agent, incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K dated August 1, 2013 of Alliance One International, Inc. (SEC File No. 001-13684).

10.02 First Amendment to Amended and Restated Credit Agreement dated as of May 30, 2014 among Alliance One International, Inc., Intabex Netherlands B.V., Alliance One International AG, the Lenders party thereto, and Deutsche Bank Trust Company Americas, as administrative agent, incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the period ended June 30, 2014 (SEC File No. 001-13684).

10.03

Second Amendment to Amended and Restated Credit Agreement dated as of February 6, 2015 among Alliance One International, Inc., Intabex Netherlands B.V., Alliance One International AG, the Lenders party thereto, and Deutsche Bank Trust Company Americas, as administrative agent, incorporated by reference to Exhibit 10.03 to the Annual Report on Form 10-K for the year ended March 31, 2015, filed June 8, 2015 (SEC File No. 001-13684).

10.04 Third Amendment to Amended and Restated Credit Agreement dated as of June 2, 2015 among Alliance One International, Inc., Intabex Netherlands B.V., Alliance One International AG, the Lenders party thereto, and Deutsche Bank Trust Company Americas, as administrative agent, incorporated by reference to Exhibit 10.04 to the Annual Report on Form 10-K for the year ended March 31, 2015, filed June 8, 2015 (SEC File No. 001-13684).

10.05 Amended and Restated Receivables Purchase Agreement dated as of March 30, 2012 among Alliance One International, Inc., Finacity Receivables 2006-2, LLC and Finacity Corporation, incorporated by reference to Exhibit 10.31 to Alliance One International, Inc.'s Annual Report on Form 10-K for the year ended March 31, 2012, filed June 13, 2012 (SEC File No. 001-13684).

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES (AS RESTATED) (continued)

(b) Exhibits (continued)

- 10.06 Second Amended and Restated Receivables Purchase Agreement dated as of March 30, 2012 among Alliance One International AG, Finacity Receivables 2006-2, LLC and Finacity Corporation, incorporated by reference to Exhibit 10.32 to Alliance One International, Inc.'s Annual Report on Form 10-K for the year ended March 31, 2012, filed June 13, 2012 (SEC File No. 001-13684).
- 10.07 Second Amended and Restated Receivables Sale Agreement dated as of March 30, 2012 among Finacity Receivables 2006-2, LLC, Finacity Corporation, Alliance One International AG, Norddeutsche Landesbank Girozentrale, Standard Chartered Bank, the other Purchaser Agents from time to time party thereto, the Bank Purchasers from time to time party thereto, Hannover Funding Company LLC, and the other Conduit Purchasers from time to time party thereto, incorporated by reference to Exhibit 10.33 to Alliance One International, Inc.'s Annual Report on Form 10-K for the year ended March 31, 2012, filed June 13, 2012 (SEC File No. 001-13684).
- 10.08 Amended and Restated Alliance One International, Inc. 2007 Incentive Plan, incorporated by reference to Appendix A to the definitive proxy statement of Alliance One International, Inc. filed on July 11, 2011 (SEC File No. 001-13684).*
- 10.09 Form of Restricted Stock Unit Agreement, incorporated by reference to Exhibit 10.2 to Alliance One International, Inc.'s Quarterly Report on Form 10-Q for the period ended December 31, 2010, filed February 4, 2011 (SEC File No. 001-13684).*
- 10.10 Form of Restricted Stock Unit Agreement (Supplemental Award), incorporated by reference to Exhibit 10.3 to Alliance One International, Inc.'s Quarterly Report on Form 10-Q for the period ended December 31, 2010, filed February 4, 2011 (SEC File No. 001-13684).*
- 10.11 Form of Performance-based Stock Unit Award Agreement, incorporated by reference to Exhibit 10.1 to Alliance One International, Inc.'s Quarterly Report on Form 10-Q for the period ended December 31, 2010, filed February 4, 2011 (SEC File No. 001-13684).*
- 10.12 Form of Non-Qualified Stock Option Award Agreement incorporated by reference to Exhibit 10.2 of the Current Report on Form 8-K, filed on March 28, 2011 (SEC File No 001-13684).*
- 10.13 DIMON Incorporated 2003 Incentive Plan, incorporated by reference to Exhibit 10.14 of DIMON's Annual Report on Form 10-K for the year ended March 31, 2004, filed June 10, 2004 (SEC File No. 001-13684).*
- 10.14 Alliance One International, Inc. Pension Equity Plan (amended and restated effective January 1, 2009), incorporated by reference to Exhibit 10.04 to Alliance One International, Inc.'s Quarterly Report on Form 10-Q for the period ended December 31, 2008, filed February 17, 2009 (SEC File No. 001-13684).*
- 10.15 Standard Commercial Corporation Supplemental Retirement Plan, as Amended and Restated for Benefits Accrued after 2004, incorporated by reference to Alliance One International, Inc.'s Current Report on Form 8-K, filed January 7, 2009 (SEC File No. 001-13684).*
- 10.16 Alliance One International, Inc. Supplemental Executive Retirement Plan (amended and restated as of January 1, 2009), incorporated by reference to Exhibit 10.1 to Alliance One International, Inc.'s Amendment No. 1 to Form 10-Q/A for the period ended December 31, 2008, filed March 9, 2009 (SEC File No. 001-13684).*

10.17

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Alliance One International, Inc. Supplemental Retirement Account Plan (amended and restated as of January 1, 2009), incorporated by reference to Exhibit 10.6 to Alliance One International, Inc.'s Quarterly Report on Form 10-Q for the period ended December 31, 2008, filed February 17, 2009 (SEC File No. 001-13684).*

10.18 Executive Employment Agreement dated as of March 1, 2013 between Alliance One International, Inc. and J. Pieter Sikkel, incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed February 6, 2013 (SEC File No. 001-13684).*

10.19 Consulting Agreement dated as of June 27, 2014 between Alliance One International, Inc. and Robert A. Sheets, incorporated by reference to Exhibit 10.1 to the first Current Report on Form 8-K filed on June 30, 2014 (SEC File No. 001-13684).*

10.20 Consulting Agreement dated as of June 27, 2014 between Alliance One International, Inc. and J. Henry Denny, incorporated by reference to Exhibit 10.1 to the second Current Report on Form 8-K filed on June 30, 2014 (SEC File No. 001-13684).*

10.21 Summary of director and executive officer compensation arrangements, incorporated by reference to Exhibit 10.21 to the Annual Report on Form 10-K for the year ended March 31, 2015, filed June 8, 2015 (SEC File No. 001-13684).*

10.22 Description of the material terms of the Alliance One International, Inc. management incentive plan as implemented by the Executive Compensation Committee of the Board of Directors, incorporated by reference to the text appearing under the heading "Executive Compensation—Compensation Discussion and Analysis—Incentives—Annual Incentives" beginning on page 25 of Alliance One International, Inc.'s definitive proxy statement on Schedule 14A, filed July 8, 2011 (SEC File No. 001-13684) *

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES (AS RESTATED) (continued)

(b) Exhibits (continued)

- 12 Ratio of Earnings to Fixed Charges (As Restated) (filed herewith).
- 21 List of Subsidiaries incorporated by reference to Exhibit 21 to the Annual Report on Form 10-K for the year ended March 31, 2015, filed June 8, 2015 (SEC File No. 001-13684).
- 23.1 Consent of Deloitte & Touche LLP (filed herewith).
- 31.01 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
- 31.02 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
- 32 Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).

101 The following materials from the Company's Annual Report on Form 10-K/A for the fiscal year ended March 31, 2015, formatted in XBRL: (i) Statements of Consolidated Operations (As Restated) for the three years ended March 31, 2015, 2014 and 2013; (ii) Consolidated Statements of Comprehensive Income (Loss) (As Restated) for the three years ended March 31, 2015, 2014 and 2013; (iii) Consolidated Balance Sheets (As Restated) as of March 31, 2015 and 2014; (iv) Statements of Consolidated Stockholders' Equity (As Restated) for the three years ended March 31, 2015, 2014 and 2013; (v) Statements of Consolidated Cash Flows (As Restated) for the three years ended March 31, 2015, 2014 and 2013; (vi) Notes to Consolidated Financial Statements (As Restated); and (vii) Schedule II - Valuation and Qualifying Accounts (submitted herewith)

* Indicates management contract or compensatory plan or arrangement.

Instruments with respect to long-term debt, the amount of securities authorized thereunder being less than ten percent of the Company's consolidated assets, have been omitted and the Company agrees to furnish such instruments to the Securities and Exchange Commission upon request.

(c) Financial Statement Schedules:

Schedule II –
Valuation
and
Qualifying
Accounts
appears on
the
following
page of this
Form
10-K/A. All
other
schedules
are not
required

under the
related
instructions
or are not
applicable
and
therefore
have been
omitted.

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SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS (AS RESTATED)
 ALLIANCE ONE INTERNATIONAL, INC. AND SUBSIDIARIES

COL. A	COL. B	COL. C ADDITIONS		COL. D	COL. E
DESCRIPTION	Balance at	Charged to	Charged to	Deductions	Balance at
(in thousands)	Beginning	Costs and	Other Accounts		End of
	of Period	Expenses			Period
Year ended March 31, 2013					
Deducted from asset accounts:					
Allowance for doubtful accounts	\$3,878	\$(163)	\$—	\$345 (A)	\$3,370
Valuation allowance on deferred tax assets (as restated) (E)	\$142,592	\$19,094	\$1,959 (B)	\$3,413 (A) (C)	\$160,232
Year ended March 31, 2014					
Deducted from asset accounts:					
Allowance for doubtful accounts	\$3,370	\$551	\$—	\$503 (A)	\$3,418
Valuation allowance on deferred tax assets (as restated) (E)	\$160,232	\$24,938	\$(3,360) (B)	\$(33) (A)	\$181,843
Year ended March 31, 2015					
Deducted from asset accounts:					
Allowance for doubtful accounts	\$3,418	\$12,456	\$—	\$1,921 (A)	\$13,953
Valuation allowance on deferred tax assets (as restated) (E)	\$181,843	(13,938) (D)	\$3,999 (B)	1,112 (A)	\$170,792

(A) Currency translation and direct write off.

(B) Accumulated other comprehensive loss.

(C) Liquidation of subsidiaries.

(D) Deferred tax on unremitted earnings of foreign subsidiaries.

(E) Adjustments primarily arising from the errors described in Note 1A to the consolidated financial statements included in Part II, Item 8 of this Form 10-K/A are related to 1) improper accounting for shrinkage, deferred crop costs, lower of cost or market valuations and accurate inventory, and 2) improper revenue recognition and the associated impact on costs of goods and services sold.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 on May 24, 2016.

ALLIANCE ONE INTERNATIONAL, INC. (Registrant)

/s/ J. Pieter Sikkel

By _____

J. Pieter Sikkel

President and Chief Executive Officer

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EXHIBIT INDEX

Exhibits

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- 10.06

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10.09 Form of Restricted Stock Unit Agreement, incorporated by reference to Exhibit 10.2 to Alliance One International, Inc.'s Quarterly Report on Form 10-Q for the period ended December 31, 2010, filed February 4, 2011 (SEC File No. 001-13684).*

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10.12 Form of Non-Qualified Stock Option Award Agreement incorporated by reference to Exhibit 10.2 of the Current Report on Form 8-K, filed on March 28, 2011 (SEC File No 001-13684).*

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EXHIBIT INDEX

Exhibits (continued)

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10.16 Alliance One International, Inc. Supplemental Executive Retirement Plan (amended and restated as of January 1, 2009), incorporated by reference to Exhibit 10.1 to Alliance One International, Inc.'s Amendment No. 1 to Form 10-Q/A for the period ended December 31, 2008, filed March 9, 2009 (SEC File No. 001-13684).*

- 10.17 Alliance One International, Inc. Supplemental Retirement Account Plan (amended and restated as of January 1, 2009), incorporated by reference to Exhibit 10.6 to Alliance One International, Inc.'s Quarterly Report on Form 10-Q for the period ended December 31, 2008, filed February 17, 2009 (SEC File No. 001-13684).*
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- 12 Ratio of Earnings to Fixed Charges (As Restated) (filed herewith).
- 21 List of Subsidiaries incorporated by reference to Exhibit 21 to the Annual Report on Form 10-K for the year ended March 31, 2015, filed June 8, 2015 (SEC File No. 001-13684).
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Instruments with respect to long-term debt, the amount of securities authorized thereunder being less than ten percent of the Company's consolidated assets, have been omitted and the Company agrees to furnish such instruments to the Securities and Exchange Commission upon request.

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