

**UNITED PHOSPHORUS DO BRASIL LTDA.**

**Independent Auditors' Report**

**Financial Statements  
As of March 31, 2015 and 2014**

**UNITED PHOSPHORUS DO BRASIL LTDA.**

**Financial Statements**

**As of March 31, 2015 and 2014**

**Contents**

**Independent auditors' report**

**Balance sheets**

**Statements of income**

**Statements of Comprehensive Income**

**Statements of changes in quotaholders' equity**

**Statements of cash flow**

**Notes to the financial statements**

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
**United Phosphorus do Brasil Ltda.**  
São Paulo - SP

We have audited the accompanying financial statements of **United Phosphorus Do Brasil Ltda.** ("Company"), which comprise the balance sheet as of March 31, 2015 and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the twelve-month period then ended, as well as a summary of significant accounting practices and other explanatory information.

### **Management's Responsibility**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS). This responsibility includes maintaining internal control relevant to preparation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies that are consistent with IFRS; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. Except as discussed in the following paragraphs, we conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.



An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of **United Phosphorus Do Brasil Ltda.** as of March 31, 2015, and of its financial performance and its cash flows for the twelve-month period then ended in accordance with International Financial Reporting Standards.

### **Emphasis**

This report was prepared for the purpose of providing information to the Company's controlling company located abroad for the consolidation of financial statements, and are presented as accumulated results of the twelve-month period ended March 31, 2015 and 2014, in accordance with Brazilian accounting practices. However, pursuant to the Brazilian Corporate Law and Brazilian accounting practices, fiscal year in Brazil remains the same of calendar year, starting on January 1 and ending on December 31, issued in Brazilian Reais and in Portuguese (not issued or audited by us). Additionally, the issue of the report in English was only for the convenience of readers outside Brazil and for the purpose of consolidation by the controlling company. Accordingly, it is not intended for any other purpose.

The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, April 15, 2015.



**BDO RCS Auditores Independentes SS**  
CRC 2 SP 013846/O-1

  
**Mauro de Almeida Ambrósio**  
Accountant CRC 1SP 199692/O-5

# UNITED PHOSPHORUS DO BRASIL LTDA.

## Balance sheets

As of March 31, 2015 and 2014

(in thousand Reais)

Assets				Liabilities and quotaholders' equity			
	Notes	2015	2014		Notes	2015	2014
<b>Current assets</b>				<b>Current liabilities</b>			
Cash and cash equivalents	4	105	197	Supplier	7	3,129	-
Accounts receivable	5	3,586	80	Accrued salaries		44	12
		<u>3,691</u>	<u>277</u>	Payroll taxes	9	132	22
				Taxes payable	8	313	145
<b>Non-current assets</b>				Other current payables		<u>32</u>	<u>-</u>
Investments		8	8			<b>3,650</b>	<b>179</b>
Net fixed assets	6	37	62	<b>Quotaholders' equity</b>			
		<u>45</u>	<u>70</u>	Capital		700	700
				Accumulated losses		<u>(614)</u>	<u>(532)</u>
						<b>86</b>	<b>168</b>
<b>Total assets</b>		<u><b>3,736</b></u>	<u><b>347</b></u>	<b>Total liabilities and quotaholders' equity</b>		<u><b>3,736</b></u>	<u><b>347</b></u>

The accompanying notes are an integral part of these financial statements

# UNITED PHOSPHORUS DO BRASIL LTDA.

## Statements of income

For the years ended March 31, 2015 and 2014

(in thousand Reais)

	2015	2014
Net sales revenue	4,188	1,250
<b>(=) Net Sales Revenue</b>	<b>4,188</b>	<b>1,250</b>
(-) Cost of products sold	(2,524)	
<b>Gross profit</b>	<b>1,664</b>	<b>1,250</b>
<b>(-) Operating expenses</b>		
General and administrative expenses, net	(1,718)	(1,095)
	<b>(1,718)</b>	<b>(1,095)</b>
<b>(=) Operating income</b>	<b>(54)</b>	<b>155</b>
<b>(+/-) Non operating revenues and expenses</b>		
Financial revenues (expenses), net	9	(45)
	<b>9</b>	<b>(45)</b>
<b>(=) Profit (Loss) before Income Tax and Social Contribution</b>	<b>(45)</b>	<b>110</b>
(-) Income Tax and Social Contribution	(38)	(27)
<b>(=) Net profit (loss) for the year</b>	<b>(83)</b>	<b>83</b>

The accompanying notes are an integral part of these financial statements

# UNITED PHOSPHORUS DO BRASIL LTDA.

## Statement of comprehensive income For the years ended March 31, 2015 and 2014 (in thousand Reais)

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	<u>2015</u>	<u>2014</u>
Net profit (loss) for the year	(83)	83
Other comprehensive income/(expense)		
Equity adjustment	-	-
<b>Total comprehensive (loss) / income for the period</b>	<u>(83)</u>	<u>83</u>
<b>Attributable to:</b>		
Equity shareholders of United Phosphorus do Brasil	(83)	83
Non-controlling interests	-	-
	<u>(83)</u>	<u>83</u>

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The accompanying notes are an integral part of these financial statements

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# UNITED PHOSPHORUS DO BRASIL LTDA.

## Statement of changes in quotaholders' equity For the years ended March 31, 2015 and 2014 (in thousand Reais)

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	<u>Capital</u>	<u>Accumulated losses</u>	<u>Total</u>
(=) Balance of March 31 <sup>th</sup> , 2013	700	(615)	85
(+) Net profit for the period	-	83	83
(=) Balance of March 31 <sup>th</sup> , 2014	700	(532)	168
(+) Net profit for the period	-	(83)	(83)
(=) Balance of March 31 <sup>th</sup> , 2015	700	(615)	85

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The accompanying notes are an integral part of these financial statements

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# UNITED PHOSPHORUS DO BRASIL LTDA.

## Statements of cash flows

For the years ended March 31, 2015 and 2014

(in thousand Reais)

	2015	2014
Net Profit (Loss)	(83)	83
<b>Adjustments</b>		
Depreciation and amortization of non-current assets	25	25
	25	25
<b>Assets and liabilities changes</b>		
Other accounts receivable	(3,506)	31
Supplier	3,129	(13)
Accrued Salaries	32	(40)
Payroll Taxes	110	8
Taxes payable	169	(96)
Other accounts payable	32	-
(=) Net cash flow of operating activities	(34)	(110)
<b>Cash flow of investment activities</b>		
Acquisition of fixed assets and investments	-	(8)
(=) Net cash flow of investment activities	-	(8)
(=) Decrease in cash and cash equivalents	(92)	(10)
Cash and cash equivalents at the beginning of the year	197	207
Cash and cash equivalents at the end of the year	105	197
(=) Decrease in cash and cash equivalents	(92)	(10)

The accompanying notes are an integral part of these financial statements

## UNITED PHOSPHORUS DO BRASIL LTDA.

### Notes to the financial statements

For the twelve month period ending March 31, 2015 and 2014

(In Thousand Reais)

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#### 1. Business operations

United Phosphorus Do Brasil Ltda. (the “Company”) is engaged in importing, exporting, manufacturing, marketing, distributing, representing, promoting and selling of chemicals characterized as pesticides, components and the like, disinfectants and sanitizers and veterinary products; providing technical assistance and consulting services in the sale of the products that it imports and sells; representing other business companies, partnerships, in Brazil or abroad, and holding ownership interest in other business companies, as partner, shareholder or member.

#### 2. Presentation of the financial statements

##### 2.1. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared on the historical cost basis.

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Company accounting policies.

Company’s functional currency is the Brazilian Real (R\$).

##### 2.2. Foreign currency translation

###### 2.2.1. Functional currency

Items included in financial statements of each of the Company’s entities are measured using the currency of the primary economy environment in which the entity operates (“the functional currency”) - Brazilian Reais.

###### 2.2.2. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchanges gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of operations, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

## UNITED PHOSPHORUS DO BRASIL LTDA.

### Notes to the financial statements

For the twelve month period ending March 31, 2015 and 2014

(In Thousand Reais)

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### 3. Summary of significant accounting policies

#### 3.1. Fixed assets

Fixed assets are stated at cost amount. Depreciation is provided under the straight-line method over the estimated useful lives of depreciable assets.

#### 3.2. Other current assets

All other current and non-current assets are stated at cost or realizable value, including income earned, when applicable.

#### 3.3. Cash and cash equivalents

Cash and cash equivalents with original maturities of three months or less are stated at fair value and are comprised of cash on hand and on demand deposits, and other highly liquid short-term investments readily convertible to a known amount of cash, subject to insignificant risk of changes in value. Those are reported at cost, plus income earned to the balance sheet date, if applicable

#### 3.4. Transactions with related parties

Monetarily restated based on exchange and monetary variations plus respective charges through fiscal year.

#### 3.5. Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

#### 3.6. Other current liabilities

All other current and non-current liabilities are stated at known or estimated amounts, plus the related charges and exchange variations where applicable.

## UNITED PHOSPHORUS DO BRASIL LTDA.

### Notes to the financial statements

For the twelve month period ending March 31, 2015 and 2014

(In Thousand Reais)

#### 4. Cash and cash equivalentes

	<u>2015</u>	<u>2014</u>
Cash	1	1
Bank accounts	104	197
	<u>105</u>	<u>198</u>

#### 5. Accounts receivable

	<u>2015</u>	<u>2014</u>
UPL do Brasil	3.335	-
Du Pont do Brasil	68	-
Others	183	80
	<u>3.586</u>	<u>80</u>

As part of a global business operation, the Company imported products from related parties to resell in the internal market on behalf of United Phosphorus Limited do Brasil because the Company has the rights to use the controlled formulations and related registered patents, therefore, the company is able to trade such products in Brazil.

#### 6. Fixed assets

	<u>% Annual depreciation rate</u>	<u>2015</u>	<u>2014</u>
Furniture and Fixtures	10%	32	32
Machinery and Equipment	10%	8	8
Computers	10%	17	17
Vehicles		93	93
(-) Accumulated depreciation		(113)	(88)
		<u>37</u>	<u>62</u>

#### 7. Supplier

	<u>2015</u>	<u>2014</u>
UPL Limited, Mauritius	3.091	-
UPL Limited, India	38	-
	<u>3.129</u>	<u>-</u>

## UNITED PHOSPHORUS DO BRASIL LTDA.

### Notes to the financial statements

For the twelve month period ending March 31, 2015 and 2014

(In Thousand Reais)

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The Company also imported products from related party United Phosphorus Limited Mauritius to resell on its own behalf in order to develop the internal market, establish the quality of its products and provide safety guidance to the customer on products use.

#### 8. Payable taxes

	<u>2015</u>	<u>2014</u>
IRRF payable	110	7
Tax on revenues (PIS and COFINS)	-	-
Income taxes (IRPJ and CSLL)	-	19
Tax on services (ISS)	118	96
Provision of interest and fine unpaid taxes.	85	23
	<u>313</u>	<u>145</u>

#### 9. Payroll

	<u>2015</u>	<u>2014</u>
INSS payable	129	17
FGTS payable	3	5
	<u>132</u>	<u>22</u>

#### 10. Contingencies

In accordance with Brazilian tax legislation, income tax returns filed within the last five years are open to examination and final assessment by the tax authorities. Various other returns for federal, state and municipal taxes, social security contributions and other similar charges are also open to review for varying limitation periods. As of March 31 2015, there were no known claims against the Company.

Notes to the financial statements

For the twelve month period ending March 31, 2015 and 2014

(In Thousand Reais)

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**11. Financial instruments**

**11.1. Fair value of financial instruments**

The fair values of the Company's financial assets and liabilities were determined on the basis of market information and application of appropriate valuation methods. Nevertheless, it was necessary to apply a considerable amount of judgment when interpreting the actual market data in order to determine the most appropriate fair value. As a result, the estimates presented are not necessarily indicative of the actual amounts that could be obtained in the current market. The use of different assumptions and/or methods could have a material effect on the estimated realizable values. Such fair value estimates are based on pertinent information available to management as of March 31 2015 and have not been comprehensively revalued for purposes of the financial statements since that date.

The Company's financial statements include principally cash and cash equivalents and other accounts receivable. The carrying amounts of the financial instruments approximate their fair value.

**11.2. Derivatives**

As of March 31 2015 the Company did not hold financial instruments with derivative characteristics.

**12. Insurance**

The company fixed assets are not significant, mainly composed of office furniture and equipment. The company did not hire property insurance for these items.