

CEREXAGRI

Société par Actions Simplifiée

Parc Saint Christophe
Pôle Galilée 3 Niveau 1
95800 Cergy Pontoise

Statutory Auditor's report on the non- statutory financial statements

For the year ended 31 march 2017

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Statutory Auditor's report on the non-statutory financial statements

For the year ended 31 march 2017

To the President

As statutory auditor of Cerexagri and at your request, we have audited the accompanying non-statutory financial statements of the Company for the year ended 31 march 2017.

These non-statutory financial statements have been prepared under your responsibility. Our role is to express an opinion on these non-statutory financial statements based on our audit.

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-statutory financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the non-statutory financial statements. An audit also includes evaluating the appropriateness of accounting policies used and significant accounting estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the non-statutory financial statements give a true and fair view of the assets and liabilities and of the financial position of the Cerexagri as at year end 31 march 2017 and of the results of its operations in accordance with IFRS as adopted by the European Union.

CEREXAGRI

Without qualifying our opinion, in respect with this matter, we draw your attention to the sections I and IV note B of the statement of accounting policies for the non-statutory financial statements and to the note 4 to the financial statements:

-Section I describes the purposes and contents of the non-statutory financial statements

-Section IV note B relates to the impairment test carried out as at 31 march 2017

-Note 4 describes the calculation and accounting of the deferred taxation

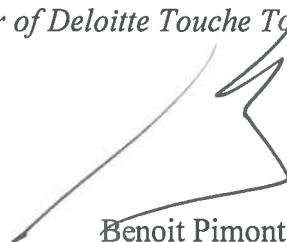
This report is governed by, and construed in accordance with, French law. The Courts of France shall have exclusive jurisdiction in relation to any claim, difference or dispute which may arise out of or in connection with our engagement letter or this report.

Neuilly-sur-Seine, 24 April 2017

The Statutory Auditor

Pierre-Henri Scacchi et Associés

Member of Deloitte Touche Tohmastu Limited



Benoit Pimont

CEREXAGRI SAS

A UPL Limited Group company

Non-statutory financial statements

For the period ended 31 March 2017

PROFIT AND LOSS ACCOUNT
For the period ended 31 March 2017

	Notes	31/03/2017	31/03/2016
		K€	K€
Domestic & Export Sales	1	6	0
Intercompany Sales	1	53 702	63 985
Total Sales		53 708	63 985
Variable Cost of Sales		-34 260	-43 400
Variable Margin		19 448	20 585
Operating Expenses & other non-operating	3	-15 276	-15 918
Gross Operating Result		4 172	4 667
Asset Amortization		-1 304	-1 609
Change in Provisions	15	63	102
Unrealized Foreign exchange gain / loss net		-20	32
Excess provision written back / (Restructuring costs)	16	121	-176
Operating Result		3 032	3 016
Interest & other Financial charge / income	2	-74	-161
Income Tax	4	-244	-307
Deferred Income Tax	4	226	239
Net Result		2 939	2 788

BALANCE SHEET
For the period ended 31 March 2017

Assets	Notes	31/03/2017	31/03/2016
		K€	K€
Cash & Deposits		514	382
Intercompany loans given	5	73	870
Receivables	12	22 986	31 040
Stocks	11	8 277	7 704
Fixed Assets			
Intangible Assets	7	39	48
Tangible Fixed Assets	8	7 961	7 508
Financial Assets	9 & 10	3 525	3 525
Fixed Assets Total		11 525	11 081
Deferred Tax Asset	4	2 781	2 555
Total Net Assets		46 155	53 632
Liabilities			
Short-Term Borrowing		0	(6 471)
Intercompany Loans taken		(0)	(3 100)
Payables	13	(7 359)	(7 799)
Other Current Liabilities	13	(2 081)	(2 385)
Long Term liabilities	14	(1 668)	(1 711)
Income Tax		(87)	(144)
Shareholders Total	17	(34 961)	(32 022)
Capital		(13 242)	(13 242)
Reserves		(18 780)	(15 992)
Profit & Loss Account		(2 939)	(2 788)
Total Net Liabilities		(46 155)	(53 632)

**Statement of accounting policies for the non-statutory financial statements
For the period ended 31 March 2017**

I. Purpose and contents of the non-statutory financial statements

The President presents the non-statutory financial statements for the period ended 31 March 2017.

These financial statements have been prepared for the purpose of filling the parent company's annual report. They are not statutory financial statements. The non-statutory financial statements have been prepared in accordance with the accounting policies set out on page 5 and on the basis of applicable International Financial Reporting Standards ("IFRS").

Judgements made by management in the application of IFRS that have significant effect on the financial statements are limited to the estimates used to calculate the value in use of various assets within impairment reviews and recognition of deferred tax assets.

The non-statutory financial statements will include the information required by the parent company to enable the filling of their annual report. There are disclosures which would be required by French company law, IFRS or French accounting standards for statutory financial statements which are not included in these non-statutory financial statements. The presentation of the balance sheet and of the profit and loss departs from IAS 1 requirements.

II. Significant events of the period

There are no significant events during the year

III. Comparative figures

Comparative figures correspond to the period ended 31 March 2016.

IV. Summary of significant accounting policies

A. Intangible fixed assets:

Intangible assets are shown at cost, net of depreciation.

B. Tangible fixed assets:

Tangible assets are shown at cost, net of depreciation and provision for impairment. Depreciation is provided on all tangible fixed assets except land.

Assets depreciation is calculated on a straight-line basis over the following expected useful life of the assets, which is as follows:

Tangible Assets

Buildings	20 years
Plant and machinery	10 years
Motor vehicles	5 years
Office material	3 to 5 years
Capitalised leased assets	20 years

Intangible Assets

Re-registration costs	5 years
Software	1 year

Statement of accounting policies for the non-statutory financial statements (continued)
For the period ended 31 March 2017

Impairment of assets:

Assets subject to amortisation and depreciation are reviewed for impairment. If such indication exists, the asset's recoverable amount is calculated as the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The impairment test was carried out at the level of the independent manufacturing units.

The balance of the impairment at the end of the current financial year is 3,74 m€ belonging to the Bassens plant fully impaired.

C. Financial fixed assets, participations, deposits and guarantees, loans:

Financial assets are recorded at the lower of cost and realisable value.

D. Inventories stocks:

Stocks of finished goods are valued at standard cost. Raw material, packaging and trade goods are valued according to the method of the moving average prices. Manufactured products are stated at production cost.

Where the net realizable value, estimated on the basis of selling price less cost to be incurred to disposal is lower than cost, a provision is made.

E. Provisions for risks and charges:

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions for risks and charges consist of provisions for social plan, provisions for employee litigations, and other risks and losses.

F. Environmental risks:

Cerexagri runs industrial facilities that are in the scope of the article L.511-2 of French Code of environment. The industrial risks inherent to these installations relate to the products which are manufactured and stored. Certain facilities are under the 'Seveso' scheme, which requires the implementation of measures to prevent environmental risks. Provision for decommissioning, restoration and similar costs are recognised when an obligation arises from a decision made by local authorities or by Management. Currently there are no provisions pertaining to decommissioning costs.

G. Foreign currency operations:

Transactions denominated in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Euros at the exchange rates ruling at the balance sheet date. Foreign exchange differences arising on translation are recognised in the income statement.

H. Long term pensions reserves:

For defined benefit pension schemes, which are limited to retirement indemnities as applicable in France the cost of providing benefits is calculated using the projected unit credit method.

I. Lease payments:

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as short-term liabilities for the one-year amount. The interest elements are charged to the profit and loss account over the period of the leases.

Statement of accounting policies for the non-statutory financial statements (continued)
For the period ended 31 March 2017

J. Investments:

Investments are shown at cost less provision for impairment.

K. Consolidation:

CEREXAGRI SAS is a 100 % owned subsidiary of the UPL EUROPE (England), incorporated in UPL Limited an Indian group company. UPL India, as the ultimate parent company prepares the group financial statements. CEREXAGRI SAS is fully integrated in the UPL's consolidated financial statements.

Notes to the financial statements
For the period ended 31 March 2017

	31/03/2017 K€	31/03/2016 K€
1 – Segment information		
Sales to third parties	6	0
Sales to fellow group companies	53 702	63 985
Total Sales	53 708	63 985
No further segmental information has been provided as any disclosure would be prejudicial to the business.		
2 – Interest payable and similar charges and profits		
	31/03/2017 K€	31/03/2016 K€
On bank overdrafts	(200)	(255)
On lease	0	0
Financial rebates	0	0
Interest on intercompany loans and borrowings	126	94
Other profit	0	0
Total Interest	-74	-161
3 – Operating Expenses and Other non-Operating		
	31/03/2017 K€	31/03/2016 K€
Including Employee costs :		
Wages and salaries	(5 851)	(5 815)
Social security taxes	(1 940)	(1 996)
Other pension costs	(719)	(730)
Total Employee Costs	-8 510	-8 541
Other Operating (including plant operating costs)	(6 766)	(7 377)
Total Operating Expenses and other Non-Operating	-15 276	-15 918
Number of employees at financial year end	129	127
4 – Income tax		
	31/03/2017 K€	31/03/2016 K€
Pre-Tax earnings	2 958	2 856
Conversion to French Statutory Result	48	172
Permanent Differences:		
Add : non-deductibles expenses	61	297
Subtract : other deductible expenses	(526)	(437)
Fiscal Result	2 541	2 888
(carry-forward loss)	(1 771)	(1 944)
Taxable Profit / (Loss)	770	944
Corporate Tax (@33.33%)	(257)	(315)
Fiscal credits	13	8
Net tax Liability	-244	-307
Effective Tax rate	9,6%	10,6%

Notes to the financial statements (continued)

For the period ended 31 March 2017

Income tax: The Company has accumulated carry-forward tax losses amounting to approximately 18,0 million euros as at 31 March 2017. The corporate tax rate is 33.33%. Pre-Tax profits were 2 541k€ and after deduction of carryforward losses to the extent of 1 771k€, the effective tax rate for the current period is 9.2%

Based on the projections from the impairment review, and in accordance with the current legislation determining the use of carry-forward losses over the next three fiscal years, the estimated value of the deferred tax asset has been revised upwards by 226k€ :

- taxable profits of **14,676 million euros** are expected
- a corresponding deferred tax asset of **2,781 million euros** has been recognised.

However, given the uncertainties described in the review, management has considered inappropriate that projections beyond this horizon which may generate profits against which the unused tax losses or unused tax credits can be utilised should be recognised at this time.

Under IFRS gaap, deferred tax assets are recognized only if recovery is probable. Due to current loss carry forward, the management decided to not recognize deferred tax on retirement allowance. The amount of this deferred tax asset is approximately 434 K€.

5 – Borrowings, Intercompany Loans Given & Loan Guarantees

Bank of Baroda facility is part of a short termworking capital facility secured against stock and book debts. The facility is backed by a corporate guarantee from the immediate parent company UPL Europe Ltd and UPL India Ltd. The balance as at 31st March 2017 owed to Cerexagri by Bank of Baroda was 72k€.

The company's outstanding Bank of America positive balance of 98k€ is part of a European cash pooling arrangement secured by Corporate Curantee from UPL India Ltd.

UPL Europe has given a guarantee to Société Générale €7,400k in favour of Cerexagri. The balance as at 31st March 2017 owed to Cerexagri by Société Générale was 421k€.

6 – Dividends

The company has not declared any dividends over the periods covered by this report and over the last five years.

7 – Intangible fixed assets

	K€ R & D
Gross value at 31st March 2015	3 178
Net additions / deletions	0
Depreciation reserve	(3 130)
Impairment reserve	-
Net value at 31 March 2016	48
Gross value at 31st March 2016	3 178
Net additions / deletions	1
Depreciation reserve	(3 140)
Impairment reserve	-
Net value at 31 March 2017	39

8 – Tangible fixed assets

	K€	K€	K€
	Freehold Land and Buildings	Plant and machinery, fixtures, Motor veh.	Total
Gross value at 31st March 2015	22 188	18 422	40 610
Net additions / deletions	350	1 489	1 839
Depreciation reserve	(16 895)	(14 156)	(31 051)
Impairment reserve	-	(3 890)	(3 890)
Net value at 31 March 2016	5 643	1 865	7 508
Gross value at 31st March 2016	22 538	19 911	42 449
Net additions / deletions	1 153	586	1 739
Depreciation reserve	(17 604)	(14 881)	(32 485)
Impairment reserve	-	(3 742)	(3 742)
Net value at 31 March 2017	6 087	1 874	7 961

Notes to the financial statements (continued)
For the period ended 31 March 2017

9 - Other investments	31/03/2017 K€	31/03/2016 K€
Lease advance	-	-
Deposits	13	13
At 31 March 2017	13	13

10 - Investments in subsidiary company

UPL Ziraat ve Kimya Sanayi ve Ticaret Limited Sirketi (Turkey)	4	4
UPL France	3 508	3 508
At 31 March 2017	3 512	3 512

UPL France was hived-down from Cerexagri with effect from 1st April 2014

11 - Stocks gross value	31/03/2017 K€	31/03/2016 K€
Raw material and packaging	4 297	3 766
Depreciation reserve	(136)	(78)
Finished Goods and goods for resale	4 115	4 015
At 31 March 2017	8 277	7 704

12 - Debtors	31/03/2017 K€	31/03/2016 K€
Trade debtors	19	(11)
Inter-company receivables	21 894	30 310
Employee advances	8	4
Suppliers purchase advances	73	97
Prepaid interest	0	0
VAT	992	640
At 31 March 2017	22 986	31 040

13 - Creditors: Amounts falling due within one year	31/03/2017 K€	31/03/2016 K€
Trade creditors	(6 642)	(6 791)
Inter-company	(717)	(1 009)
Fiscal and social taxes and charges	(1 871)	(2 046)
VAT Payable	0	0
Social plan	0	(176)
Employee Litigation	(210)	(163)
Other accruals		
At 31 March 2017	-9 440	-10 184

Notes to the financial statements (continued)
For the period ended 31 March 2017

14 - Creditors: Amounts falling due after more than one year	31/03/2017	31/03/2016
	K€	K€
Unfunded pension reserve	(1 434)	(1 459)
Social plan	(95)	(95)
Employee litigation	(139)	(157)
At 31 March 2017	-1 668	-1 711
15 - Variation in provisions for liabilities and charges		
Employee litigation provision	(17)	76
Unfunded pension provision	25	26
Bad debts provision	83	
Miscellaneous provision	(28)	
At 31 March 2017	63	102
16 - Excess provision written back / (Restructuring costs)	31/03/2017	31/03/2016
	K€	K€
Employee redundancy expenses	-55	
Restructuring costs	176	-176
Product Contamination Expenses		
At 31 March 2017	121	-176
17 - Shareholder's funds		
At 31 March 2016	(29 234)	
Result 2016 allocated in retained earnings	(2 788)	
Result 2017 to be allocated	(2 939)	
At 31 March 2017	-34 961	

Notes to the financial statements (continued)
For the period ended 31 March 2017

18 – Related Party Disclosure

1. Related party Disclosure for During the year transactions

Name of Related party/ company	Nature wise During the year transactions	2016-17 K€	2015-16 K€
1000 UPL Limited, India	Purchases		(270)
2030 UPL Europe Ltd	Purchases	(144)	(170)
2100 UPL Benelux B.V.	Purchases	0	0
2200 Cerexagri B.V. – Netherlands	Purchases	(673)	(1 387)
2400 UPL Italia S.R.L.	Purchases	(50)	(259)
Total Purchases		(867)	(2 086)
1000 UPL Limited, India	Sales	782	3 654
2030 UPL Europe Ltd.	Sales	2 196	2 459
2050 UPL Deutschland GmbH	Sales	448	539
2100 UPL Benelux B.V.(Formerly Known as AgriChem B.V.)	Sales	1 223	1 967
2200 Cerexagri B.V. – Netherlands	Sales	1	0
2400 UPL Italia S.R.L.	Sales	13 728	17 979
2500 UPL IBERIA, SOCIEDAD ANONIMA	Sales	1 612	1 869
2700 UPL France	Sales	12 590	13 039
2900 LLC "UPL" (formerly JSC United Phosphorus Limited, Russia)	Sales	140	84
3000 United Phosphorus Inc., U.S.A.	Sales	6 318	5 751
4620 UPL LIMITED,Gibraltar	Sales	11 248	14 264
5000 UPL Agro SA DE CV.	Sales	411	400
5190 UPL Do Brasil – Industria e Comércio de Insumos Agropecuários S.A.	Sales	1 618	1 076
5300 UPL Costa Rica S.A.	Sales	241	173
5600 UPL Argentina S A	Sales	97	198
6600 UPL Vietnam Co	Sales	34	0
7100 UPL Ziraat Ve Kimya Sanayi Ve Ticaret Limited Sirketi	Sales	999	502
7150 UPL Agromed Tohumculuk Sa,Turkey	Sales	16	31
Total Sales		53 702	63 985
2030 UPL Europe Ltd.	Interest Exp.	0	0
2700 UPL France	Interest Exp.	0	(20)
Total Interest Expense		0	(20)
2030 UPL Europe Ltd.	Interest Inc.	127	114
Total Interest Income		127	114
2030 UPL Europe Ltd.	Man. Fee Exp.	(505)	(820)
2200 Cerexagri B.V. – Netherlands	Man. Fee Exp.	(56)	(45)
2700 UPL France	Man. Fee Exp.	0	(7)
Total Management Fee Expense		(561)	(873)
2030 UPL Europe Ltd.	Bank Guarantee Exp.	(210)	(210)
Total Bank Guarantee Expense		(210)	(210)

Notes to the financial statements (continued)

For the period ended 31 March 2017

		2016-17 K€	2015-16 K€
2030 UPL Europe Ltd.	Man. Fee Inc.	10	11
2200 Cerexagri B.V. – Netherlands	Man. Fee Inc.	51	77
2400 UPL Italia S.R.L.	Man. Fee Inc.	10	11
2500 UPL IBERIA, SOCIEDAD ANONIMA	Man. Fee Inc.	10	11
2580 Decco Iberica Postcosecha, S.A.U., Spain	Man. Fee Inc.	10	11
2630 Neo-Fog S.A.	Man. Fee Inc.	7	11
2700 UPL France	Man. Fee Inc.	22	43
5930 Uniphos Colombia Plant Limited	Man. Fee Inc.	367	360
Total Management Fee Income		489	535

2. Related party Disclosure for Outstanding Balances as on 31/03/2017

Name of Related party/ company	Category wise Outstanding balances as on closing date	2016-17 K€	2015-16 K€
1000 UPL Limited, India	Receivable	448	2 086
2030 UPL Europe Ltd.	Receivable	837	744
2050 UPL Deutschland GmbH	Receivable	291	110
2100 UPL Benelux B.V	Receivable	136	348
2200 Cerexagri B.V. – Netherlands	Receivable	55	82
2260 United Phosphorus Holdings B.V., Netherlands	Receivable	0	0
2400 UPL Italia S.R.L.	Receivable	6 105	8 885
2500 UPL IBERIA, SOCIEDAD ANONIMA	Receivable	318	799
2580 Decco Iberica Postcosecha, S.A.U., Spain	Receivable	20	15
2630 Neo-Fog S.A.	Receivable	7	11
2700 UPL France	Receivable	2 209	3 952
2800 Decco Italia SRL,Italy	Receivable	26	15
3000 United Phosphorus Inc., U.S.A.	Receivable	1 790	3 042
3300 Decco US Post-Harvest Inc (US)	Receivable	2	4
4620 UPL LIMITED,Gibraltar	Receivable	6 922	8 729
5000 UPL Agro SA DE CV.	Receivable	71	111
5190 UPL Do Brasil – Industria e Comércio de Insumos Agropecuários S.A.	Receivable	920	266
5300 UPL Costa Rica S.A.	Receivable	424	166
5600 UPL Argentina S A	Receivable	430	308
5930 Uniphos Colombia Plant Limited	Receivable	86	32
7100 UPL Ziraat Ve Kimya Sanayi Ve Ticaret Limited Sirketi	Receivable	748	574
7150 UPL Agromed Tohumculuk Sa,Turkey	Receivable	47	31
Total Receivables		21 894	30 310
1000 UPL Limited, India	Payable	0	0
2030 UPL Europe Ltd.	Payable	(586)	(878)
2200 Cerexagri B.V. – Netherlands	Payable	(125)	(23)
2400 UPL Italia S.R.L.	Payable	(4)	(101)
2700 UPL France	Payable	(2)	(7)
Total Payables		(717)	(1 009)
2030 UPL Europe Ltd.	Loan Given	98	870
2260 United Phosphorus Holdings B.V., Netherlands	Loan Given	0	0
Total Loans Given		98	870
2030 UPL Europe Ltd.	Loan Taken	0	(3 100)
2700 UPL France	Loan Taken	0	0
Total Loans Taken		0	(3 100)