



United Phosphorus Holdings B.V.

**Non-statutory financial statements
For the year ended 31 March 2018**

Baker Tilly Berk N.V.
Authenticated

14 APR 2018

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Balance sheet as at 31 March 2018*(before proposed appropriation of net result)*

	2018	2017
	EUR	EUR
Fixed assets		
Financial fixed assets	1 715,469,347	580,299,043
	<u>715,469,347</u>	<u>580,299,043</u>
Current assets		
Receivables	2 4,028,986	13,218,978
Cash and bank	45,108,539	63,250,594
	<u>49,137,525</u>	<u>76,469,572</u>
Current liabilities	3 3,968,966	6,023,660
Current assets less liabilities	45,168,559	70,445,912
Long term loan	4 386,608,026	319,526,611
Total assets less liabilities	<u>374,029,880</u>	<u>331,218,344</u>
Shareholder's equity	5	
Issued capital	18,000	18,000
Share premium	361,295,158	318,400,673
Retained earnings	12,799,671	11,089,141
Unallocated result	(82,949)	1,710,530
	<u>374,029,880</u>	<u>331,218,344</u>

The accompanying notes are an integral part of the financial statements.

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Profit and loss account for the year ended 31 March 2018

	2018	2017
	EUR	EUR
Net sales	647,136	727,515
Cost of sales	643,104	722,925
Gross margin	<u>4,032</u>	<u>4,590</u>
Operation turnover	2,000	2,000
Administrative expenses	6 265,772	363,528
Operating result	<u>(259,740)</u>	<u>(356,938)</u>
Financial income/(expense)	7	
Interest income	13,981,589	9,755,186
Interest expense	(12,957,783)	(9,622,222)
Currency exchange gain/(loss)	(916,874)	2,456,767
	<u>106,932</u>	<u>2,589,731</u>
Result before taxation	<u>(152,808)</u>	<u>2,232,793</u>
Income tax charge	8 (69,859)	522,263
Net result for the year	<u>(82,949)</u>	<u>1,710,530</u>

The accompanying notes are an integral part of the financial statements.

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United Phosphorus Holdings B.V.

Notes to the financial statements for the year ended 31 March 2018

General

United Phosphorus Holdings B.V. has been founded on 6 November 2006.

United Phosphorus Holdings B.V. ("the Company"), having its legal seat in Amsterdam, the Netherlands, is directly and fully owned by United Phosphorus Holdings Coöperatief U.A. effective 29 March 2011, and is ultimately a wholly owned subsidiary of UPL Limited, India (formerly known as United Phosphorus Ltd.).

The financial year 2018 concerns the period April 2017 until March 2018.
The financial year 2017 concerns the period April 2016 until March 2017.

Consolidation policy

As provided by Article 408 of part 9, Book 2 of the Netherlands Civil code, consolidated financial statements are not prepared by the company as the Company and its subsidiaries are included in the consolidated financial statements of UPL Limited, India.

Accounting policies for the valuation of assets and liabilities

General

The valuation of assets and liabilities and the determination of the result are on the basis of the historical cost convention, except as stated below. Income and expenditure are allocated to the year to which they relate.

The financial statements have been prepared in accordance with generally accepted accounting principles included in the policies and instructions contained in UPL Limited's financial statements.

Profits are only recognised if they have been realised on the balance sheet date. Losses and risks which originate before the end of the financial year are considered if they have become known before the annual accounts are drawn up.

Financial fixed assets

The investments in subsidiaries are stated at historical cost adjusted for permanent decrease in value, if deemed necessary.

The investments in subsidiaries are:

- Cerexagri B.V. at Rotterdam, The Netherlands, 100%;
- UPL Italia S.R.L., 100% (formerly known as Cerexagri Italia S.R.L.)
As per 24 January 2013 United Phosphorus Limited Italy merged with Cerexagri Italia S.R.L. into Cerexagri Italia S.R.L., therefore the investment in United Phosphorus Limited Italy is replaced by the investment in Cerexagri Italia S.R.L. (now known as UPL Italia S.R.L.)
- United Phosphorus Holdings Brazil B.V. at Rotterdam, The Netherlands, 100%.
- Hodogaya UPL Co.Ltd., Japan, 40%.
- UPL Philippines Inc.(formerly known as United Phosphorus Corp. Philippines), 99,99%
- UPL Benelux B.V. at Breda, The Netherlands, 100%.
- Blue Star B.V. at Amsterdam, The Netherlands, 49%.
This company was incorporated March 2013
- Advanta Holdings B.V. at Rotterdam, The Netherlands, 98,97%, effective 13 February 2018 after the issuance of new shares.

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United Phosphorus Holdings B.V.**Accounting policies for determining the result****Operating turnover**

Dividends from investments are determined as net turnover according RJ article 214.505 and are allocated to the year to which they relate.

Other operating costs

Costs are determined on a historical cost base and are allocated to the year to which they relate.

Financial income and expenses

Income and expenses not arising from ordinary activities are classified under extraordinary income and expenses.

Taxation

Tax on result is computed by applying the current rate to the result of the financial year, taking into account temporary and permanent differences between profit calculations for financial statement purposes and those for tax purposes. The differences are incorporated in tax on the result from ordinary activities. United Phosphorus Holdings B.V. forms part of the fiscal unity company tax with United Phosphorus Holdings Coöperatief U.A. and therefore is not separately liable for tax and is offset against the current account of the parent company. As per 31 March 2018 there are no unused tax losses/credits in the fiscal unity. Details of the unused tax losses/credits in the fiscal unity can be found in the Non-Statutory Financial Statements of United Phosphorus Holdings Coöperatief U.A..

Average number of employees


During 2017/2018 no employees were employed on the basis of a full time contract of service.
During 2016/2017 no employees were employed on the basis of a full time contract of service.

Capital and other commitments and contingent liabilities

The Company has given a guarantee to the Bank of Baroda for EUR 11,000,000 in favour of UPL Italia S.R.L. towards working capital.

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United Phosphorus Holdings B.V.

Notes to the balance sheet

1	Financial fixed assets	2018	2017
		EUR	EUR
	Investment Cerexagri B.V.	29,418,716	29,418,716
	Investment UPL Italia S.R.L.	300,000	300,000
	Investment Advanta Holdings B.V.	52,542,962	23,542,962
	Investment United Phosphorus Holdings Brazil B.V.	312,343,240	300,544,496
	Investment Hodogaya UPL Co. Ltd.	1,812,493	1,812,493
	Investment UPL Philippines Inc.	156,836	156,836
	Investment UPL Benelux B.V.	10,800,099	10,800,099
	Investment Blue Star B.V.	1,225,490	1,176,490
	Loan to United Phosphorus Holdings Coöperatief U.A.	4,425,000	2,828,207
	Long term Euro loan at LIBOR 6M + 3.5%		
	Loan to UPL Italia S.R.L.	6,655,511	6,655,511
	Long term Euro loan at LIBOR 6M + 2.5%		
	Loan to UPL Europe Ltd.	186,674,984	123,680,872
	Long term USD loan at LIBOR 3M + 3.5%		
	Long term Euro loan at LIBOR 3M + 3.5%		
	Loan to United Phosphorus Holdings Brazil B.V.	39,200,000	31,774,636
	Long term Euro loan at LIBOR 6M + 4.75%		
	Long term BRL loan at CDI + 1%		
	Long term USD loan at LIBOR 6M + 2%		
	Loan to UPL Vietnam Co. Ltd.	1,601,237	0
	Long term USD loan at 6%		
	Loan to UPL Philippines Inc.	1,209,775	0
	Long term USD loan at 3,5%		
	Loan to United Transterra	36,898,955	40,545,710
	Long term USD loan at LIBOR 6M + 2.75%		
	Loan to United Advanta Holdings B.V.	4,395,516	7,062,015
	Long term USD loan at LIBOR 6M + 2.75%		
	Loan to UP Inc.	25,808,533	0
	Long term USD loan at LIBOR 6M + 2.75%		
		<u>715,469,347</u>	<u>580,299,043</u>

Previous Year figures have been regrouped or rearranged wherever necessary.

2	Receivables	2018	2017
		EUR	EUR
	Receivables comprise:		
	Receivable UPL Vietnam	18,147	0
	Receivable UPL Philippines	6,234	0
	Receivable UP Inc.	287,409	0
	Receivable UPL Italia S.R.L.	736,479	587,753
	Receivable UPL Europe Ltd.	1,817,568	2,602,412
	Receivable United Phosphorus Holdings Coöperatief U.A.	101,811	75,684
	Receivable Transterra	149,285	616,901
	Receivable Advanta Holdings B.V.	214,189	35,040
	Receivable United Phosphorus Holdings Brazil B.V.	586,326	7,903,035
	Receivable United Phosphorus Inc.	0	1,271,983
	Taxes	683	2
	Other receivables	110,855	126,168
		<u>4,028,986</u>	<u>13,218,978</u>

Previous Year figures have been regrouped or rearranged wherever necessary.

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United Phosphorus Holdings B.V.**Contingent assets and liabilities**

United Phosphorus Holdings B.V. forms part of the fiscal unity company tax with United Phosphorus Holdings Coöperatief U.A., United Phosphorus Holdings Brazil B.V., UPL Benelux B.V. and Cerexagri B.V. and is therefore jointly and severally liable for the liabilities of that partnership.

3 Current liabilities

Current liabilities comprise:	2018	2017
	EUR	EUR
Payable to UPL Corporation Limited	3,764,444	3,348,473
Payable to United Phosphorus Inc.	0	785,347
Payable to United Phosphorus Holdings Coöperatief U.A.	0	1,888,044
Payable to UPL Management DMCC	202,000	0
Trade payables	726	0
Accrued liabilities	1,796	1,796
	<u>3,968,966</u>	<u>6,023,660</u>

Previous Year figures have been regrouped or rearranged wherever necessary.

4 Long term loans

	2018	2017
	EUR	EUR
Loan from UPL Corporation Limited	386,608,026	317,055,374
Long term variable Euro loan at LIBOR 6M + 2.25%		
Long term variable USD loan at LIBOR 6M + 2.50%		
Long term loan of USD 5,255,000 at LIBOR 6M + 1.75%		
Long term loan of USD 16,000,000 at LIBOR 6M + 4.50%		
Long term loan of USD 50,000,000 at LIBOR 6M + 3.75%		
Long term loan of USD 10,000,000 at LIBOR 6M + 3.75%		
Loan from United Phosphorus Inc.	0	2,471,237
Long term USD loan at LIBOR 6M + 2.75%		
	<u>386,608,026</u>	<u>319,526,611</u>

Previous Year figures have been regrouped or rearranged wherever necessary.

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5 Shareholder's equity

The movement in shareholder's equity is as follows:

	Issued capital EUR	Share Premium EUR	Retained earnings EUR	Unallocated result EUR	Total EUR
Balance 1 April 2017	18,000	318,400,673	11,089,141	1,710,530	331,218,344
Allocation of 2017 net result	0	0	1,710,530	(1,710,530)	0
Addition	0	42,894,485	0	0	42,894,485
Net result 2018	0	0	0	(82,949)	(82,949)
Balance 31 March 2018	<u>18,000</u>	<u>361,295,158</u>	<u>12,799,671</u>	<u>(82,949)</u>	<u>374,029,880</u>

The movements in 2017 were as follows:

	Issued capital EUR	Share Premium EUR	Retained earnings EUR	Unallocated result EUR	Total EUR
Balance 1 April 2016	18,000	162,301,881	(1,098,685)	12,187,826	173,409,022
Allocation of 2016 net result	0	0	12,187,826	(12,187,826)	0
Addition	0	156,098,792	0	0	156,098,792
Net result 2017	0	0	0	1,710,530	1,710,530
Balance 31 March 2017	<u>18,000</u>	<u>318,400,673</u>	<u>11,089,141</u>	<u>1,710,530</u>	<u>331,218,344</u>

The Company's authorised capital amounts to EUR 90,000 consisting of 900 shares with a par value of EUR 100 each. At 31 March 2018 180 shares have been issued and fully paid, amounting to EUR 18,000.

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Notes to the profit and loss account

6 Administrative expenses

Administrative expenses can be detailed as follows:

	2018	2017
	EUR	EUR
Management fee	202,000	197,000
Legal & Professional Fees	45,438	141,495
Auditor's Remuneration	1,762	7,282
Bank charges	16,572	17,751
	<u>265,772</u>	<u>363,528</u>

7 Financial income and expenses

	2018	2017
	EUR	EUR
Exchange difference	(916,874)	2,456,768
Interest income group companies	11,843,911	7,632,744
Interest income other	2,267,970	2,135,575
Interest expense other	0	(143,425)
Interest expenses group companies	(13,088,075)	(9,491,931)
	<u>106,932</u>	<u>2,589,731</u>

8 Tax

	2018	2017
	EUR	EUR
Corporate income tax United Phosphorus Holdings B.V.	(69,859)	(55,994)
Adjustment tax previous years	0	578,257
	<u>(69,859)</u>	<u>522,263</u>
Effective tax rate	45.72%	23.39%

The effective tax rate differs from the statutory tax rate of 25% due to the difference between the statutory result and the fiscal result.

	2018	2017
	EUR	EUR
Income tax charge / (benefit) per the profit and loss account	(69,859)	522,263
Statutory tax charge / (benefit)	(38,202)	558,198
	<u>31,657</u>	<u>35,935</u>

The difference between the statutory tax rate and the effective tax rate relates to the following items:

	2018	2017
	EUR	EUR
Adjustment previous years	0	(578,257)
Exchange difference	0	614,192
Other	31,657	0
	<u>31,657</u>	<u>35,935</u>

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The following are the details of the related party transactions entered by the Company for the years 2018 and 2017.

Nature of transactions	Name of the related party	2018	2017
		EUR	EUR
Sales	United Phosphorus Holdings Brazil B.V.	647,136	727,515
Purchases	United Phosphorus Holdings Coöperatief U.A.	643,104	722,925
Interest expense	UPL Corporation Limited	13,073,371	8,764,131
	United Phosphorus Inc.	2,599	410,965
	Cerexagri S.A.S.	1,514	0
	UPL Europe Ltd.	0	263,350
	UPL Italia S.R.L.	3,625	0
	Cerexagri B.V.	6,966	53,485
		<u>13,088,075</u>	<u>9,491,931</u>
Interest income	UPL Europe Ltd.	6,337,183	3,306,999
	UPL Corporation Limited	0	28,415
	UPL Benelux B.V.	0	126,024
	United Phosphorus Holdings Coöperatief U.A.	99,570	108,907
	United Phosphorus Holdings Brazil B.V.	2,027,067	1,916,494
	UPL Italia S.R.L.	147,726	154,596
	United Phosphorus Inc.	618,888	1,022,524
	Advanta Holdings B.V.	1,013,512	35,040
	Transterra	1,575,584	876,383
	UPL Vietnam	18,147	0
	UPL Philippines	6,234	0
UPL Iberia S.A.	0	57,362	
	<u>11,843,911</u>	<u>7,632,744</u>	
Administrative recharge expense	Cerexagri B.V.	25,000	25,000
Management Fee expense	UPL Corporation Limited	0	197,000
	UPL Management DMCC	202,000	0
		<u>202,000</u>	<u>197,000</u>
Management Fee income	Cerexagri B.V.	1,000	1,000
	UPL Italia S.R.L.	1,000	1,000
		<u>2,000</u>	<u>2,000</u>
Repayment of loan given	United Phosphorus Holdings Brazil B.V.	0	37,488,788
	UPL Benelux B.V.	0	4,644,874
	Advanta Holdings B.V.	2,262,271	0
		<u>2,262,271</u>	<u>42,133,662</u>
Repayment of loan taken	Cerexagri B.V.	0	38
	United Phosphorus Inc.	0	26,727,459
		<u>0</u>	<u>26,727,497</u>

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Other information

Appropriation of the net result for the year

Article 19 of the Articles of Association of the Company provides that net income for the year is at the disposal of the Annual General Meeting of Shareholders.

The following appropriation of the result after taxes for the year ended 31 March 2018 is proposed to the General Meeting of Shareholders to transfer the net loss of EUR 69,859 to retained earnings. The result after tax for the year ended 31 March 2018 is included in the unappropriated results within the equity.

Proposed appropriation of net income

At present no decision has been taken with regard to the proposed appropriation of the net loss, pending the approval of the Company's shareholder.

Auditor's report

The auditor's report is set forth on the following page.

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Auditors

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To the shareholders of United Phosphorus Holdings B.V.

INDEPENDENT AUDITORS' REPORT

We have audited, for purposes of the audit of the consolidated financial statements of UPL Group, the special purpose financial information of United Phosphorus Holdings B.V. as of March 31, 2018 and for the year then ended.

Our opinion

In our opinion, the special purpose financial information of United Phosphorus Holdings B.V. as of March 31, 2018 and for the year then ended is prepared, in all material respects, in accordance with the policies of UPL Group.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the special purpose financial information' section of our report.

We are independent of United Phosphorus Holdings B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

An independent member of Baker Tilly International

Baker Tilly Berk N.V. is a limited liability company and is the exclusive contracting party in respect of all commissioned work. The company's general terms and conditions, filed with the registry of the Dutch chamber of commerce under no. 24425560, which include a limitation of liability, are applicable to all work performed and all legal relationships with third parties.

Auditors

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

Basis of accounting and restriction on use and distribution

We note that this special purpose financial information is prepared for purposes of providing information to UPL Group to enable it to prepare the consolidated financial statements of the group. As a result, the special purpose financial information is not a complete set of financial statements of United Phosphorus Holdings B.V. in accordance with Dutch law and is not intended to give a true and fair view of the financial position of United Phosphorus Holdings B.V. as of March 31, 2018, and of its result and its cash flows for the year then ended. The special purpose financial information may, therefore, not be suitable for another purpose.

Responsibilities of management for the special purpose financial information

Management is responsible for the preparation of the special purpose financial information in accordance with the policies and instructions of UPL Group. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the special purpose financial information that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the special purpose financial information, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the special purpose financial information using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the special purpose financial information.

Management is responsible for overseeing the company's financial reporting process.

Auditors

Our responsibilities for the audit of the special purpose financial information

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this special purpose financial information. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the special purpose financial information, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit 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 company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

Auditors

- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the special purpose financial information, including the disclosures; and
- evaluating whether the special purpose financial information represents the underlying transactions and events free from material misstatement.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Eindhoven, The Netherlands, April 14, 2018
Baker Tilly Berk N.V.



drs. H.G.W. van Gerwen RA

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