




United Phosphorus Holdings Brazil 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 EUR	2017 EUR
Fixed assets			
Financial fixed assets	1	333,021,158	322,373,891
		<u>333,021,158</u>	<u>322,373,891</u>
Current assets			
Receivables (affiliated companies)	2	2,569,148	3,526,035
Other receivables		1,000,000	1,000,232
Cash and bank		61,512	47,979
		<u>3,630,660</u>	<u>4,574,246</u>
Current liabilities	3	587,827	7,904,535
Current assets less current liabilities		3,042,833	(3,330,289)
Long term loans	4	39,200,000	31,774,636
Total assets less liabilities		<u>296,863,991</u>	<u>287,268,966</u>
Shareholder's equity	5		
Issued capital		18,200	18,200
Share premium		312,318,039	300,519,296
Retained earnings		(13,268,530)	(9,212,873)
Unallocated result		(2,203,718)	(4,055,657)
		<u>296,863,991</u>	<u>287,268,966</u>

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

Previous Year figures have been regrouped or rearranged wherever necessary.

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Profit and loss account for the year ended 31 March 2018

		2018 EUR	2017 EUR
Net sales		651,168	732,105
Cost of sales		647,136	727,515
Gross Margin		<u>4,032</u>	<u>4,590</u>
Administrative expenses	6	2,820	14,261
Operating result		<u>1,212</u>	<u>(9,671)</u>
Financial income/(expense)	7		
Interest income		3,419	4
Interest expense		(2,027,067)	(1,916,494)
Currency exchange gain/(loss)		(273,333)	(184,119)
		<u>(2,296,981)</u>	<u>(2,100,609)</u>
Result before taxation		<u>(2,295,769)</u>	<u>(2,110,280)</u>
Income tax charge	8	(92,051)	1,945,377
Net result for the year		<u><u>(2,203,718)</u></u>	<u><u>(4,055,657)</u></u>

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

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United Phosphorus Holdings Brazil B.V.

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

General

Kelly Beheer B.V. which has been founded on 28 August 1998 changed their name into Regentstreet B.V. effective 26 November 2009. Effective 9 May 2011 this name was changed to United Phosphorus Holdings Brazil B.V..

United Phosphorus Holdings Brazil B.V. ("the Company"), having its legal seat in Amsterdam, the Netherlands, is directly and fully owned by United Phosphorus Holdings B.V. in Vondelingenplaat, The Netherlands for 100% effective 23 February 2011 and is ultimately a wholly owned subsidiary of UPL Limited, Mumbai, India.

The financial year 2018 concerns the period 1 April 2017 until 31 March 2018.

The financial year 2017 concerns the period 1 April 2016 until 31 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 Mumbai, 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:

- Uniphos Empreendimentos e Participacoes Ltda at Sao Paulo, Brazil, 100%;
This investment has been acquired in July 2011.
- 3SB Produtos Agrocolas S.A. at Primavera do Leste, Brazil, 45%;
This investment has been acquired in June 2016.
- Sinagro Produtos Agropecuarios S.A. at Primavera do Leste, Brazil, 45%;
This investment has been acquired in June 2016.

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.

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United Phosphorus Holdings Brazil B.V.**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 Brazil 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 the year 2018 no employees were employed on the basis of a full time contract of service.

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

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Notes to the balance sheet**1 Financial fixed assets**

	2018 EUR	2017 EUR
Investment Uniphos Empreendimentos e Participacoes Ltda	289,539,781	289,539,781
Investment 3SB Produtos Agrocolas S.A.	18,179,531	14,950,250
Investment Sinagro Produtos Agropecuarios S.A.	25,301,846	17,883,859
	<u>333,021,158</u>	<u>322,373,890</u>

Previous Year figures have been regrouped or rearranged wherever necessary.

2 Receivables

	2018 EUR	2017 EUR
Receivable from United Phosphorus Holdings Coöperatief U.A.	2,569,148	3,526,035
Other receivables	0	232
Withholdings tax	1,000,000	1,000,000
	<u>3,569,148</u>	<u>4,526,267</u>

Previous Year figures have been regrouped or rearranged wherever necessary.

Contigent assets and liabilities

United Phosphorus Holdings Brazil B.V. forms part of the fiscal unity company tax with United Phosphorus Holdings Coöperatief U.A., United Phosphorus Holdings 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

	2018 EUR	2017 EUR
Accrual	1,500	1,500
Payable to United Phosphorus Holdings B.V.	586,327	7,903,035
	<u>587,827</u>	<u>7,904,535</u>

Previous Year figures have been regrouped or rearranged wherever necessary.

4 Long term loans

	2018 EUR	2017 EUR
Loan from United Phosphorus Holdings B.V. Long term USD loan at LIBOR 6M + 4.75%	39,200,000	31,774,636

Previous Year figures have been regrouped or rearranged wherever necessary.

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5 Shareholder's equity

The movement in equity is as follows:

	Issued capital EUR	Share Premium EUR	Retained earnings EUR	Unallocated result EUR	Total EUR
Balance 1 April 2017	18,200	300,519,296	(9,212,873)	(4,055,657)	287,268,966
Addition	0	11,798,743	0	0	11,798,743
Allocation of 2017 net result	0	0	(4,055,657)	4,055,657	0
Net result 2018	0	0	0	(2,203,718)	(2,203,718)
Balance 31 March 2018	<u>18,200</u>	<u>312,318,039</u>	<u>(13,268,530)</u>	<u>(2,203,718)</u>	<u>296,863,991</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	18,200	170,313,798	(5,468,222)	(3,744,651)	161,119,125
Addition	0	130,205,498	0	0	130,205,498
Allocation of 2016 net result	0	0	(3,744,651)	3,744,651	0
Net result 2017	0	0	0	(4,055,657)	(4,055,657)
Balance 31 March 2017	<u>18,200</u>	<u>300,519,296</u>	<u>(9,212,873)</u>	<u>(4,055,657)</u>	<u>287,268,966</u>

The Company's authorised capital amounts to EUR 91,000 consisting of 91,000 shares with a par value of EUR 1 each. At 31 March 2018 18,200 shares have been issued and fully paid, amounting to EUR 18,200.

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Notes to the profit and loss account

6 Administrative expenses

Administrative expenses can be detailed as follows:

	2018 EUR	2017 EUR
Legal & Professional Fees	0	6,713
Auditor's Remuneration	1,500	5,806
Bank charges	1,320	1,742
	<u>2,820</u>	<u>14,261</u>

7 Financial income and expenses

	2018 EUR	2017 EUR
Exchange difference	273,333	184,119
Interest income other	(3,419)	(4)
Interest income group companies	0	0
Interest expenses group companies	2,027,067	1,916,494
	<u>2,296,981</u>	<u>2,100,609</u>

8 Tax

	2018 EUR	2017 EUR
Corporate income tax United Phosphorus Holdings Brazil B.V.	<u>(92,051)</u>	<u>1,945,377</u>
Effective tax rate	4.01%	-92.19%

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 EUR	2017 EUR
Income tax charge / (benefit) per the profit and loss account	(92,051)	1,945,377
Statutory tax charge / (benefit)	<u>(573,942)</u>	<u>(527,570)</u>
	<u>(481,891)</u>	<u>(2,472,947)</u>

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

	2018 EUR	2017 EUR
Exchange difference	0	46,030
Tax charge prior years	481,891	0
Withholding tax on loan conversion into equity	0	2,426,917
	<u>481,891</u>	<u>2,472,947</u>

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

Nature of transactions	Name of the related party	2018	2017
		EUR	EUR
Sales	UPL Europe Ltd.	651,168	732,105
Purchases	United Phosphorus Holdings B.V.	647,136	727,515
Interest expense	United Phosphorus Holdings B.V.	2,027,067	1,916,494

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Other information

Appropriation of the net result for the year

Article 20 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 the Members.

The following appropriation of the result after taxes for the year ended 31 March 2018 is proposed to the General Meeting of the Members to transfer the net loss of EUR 2,203,718 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 profit, pending the approval of the Company's shareholder.

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Auditors

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To the shareholders of United Phosphorus Holdings Brazil 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 United Phosphorus Holdings Brazil 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 Brazil 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 Brazil 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 Brazil 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 Brazil 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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