



Audit, Expertise comptable et Conseil

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**NEOFOG SAS**  
A UPL Group Company

ZA rue Ampère  
59236 FRELINGHIEN

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**INDEPENDENT AUDITOR'S REPORT  
ON THE NON-STATUTORY FINANCIAL STATEMENTS  
FOR THE 12 MONTHS PERIOD ENDED 31 MARCH 2018**



GMBA – Inscrite au Tableau de l'Ordre des Experts-Comptables de la Région Parisienne  
Membre de la Compagnie Régionale des Commissaires aux Comptes de Paris  
Membre de Baker Tilly France – Membre Indépendant de Baker Tilly International



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**INDEPENDENT AUDITOR'S REPORT  
ON THE NON-STATUTORY FINANCIAL STATEMENTS  
FOR THE 12 MONTHS PERIOD ENDED 31 MARCH 2018**

We have audited the accompanying financial statements of NEO FOG SAS, which include the balance sheet and the income statement as at 31 March 2018 (12 months period).

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these non-statutory financial statements in accordance with French Gaap. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; 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. We conducted our audit in accordance with French Gaap. 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. 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 present fairly, in all material respects, the financial position of NEOFOG as of 31 March 2018 in accordance with French Gaap.

Paris, 10 April 2018



**GMBA Baker Tilly**  
Represented by  
**Jacques de NUCÉ**  
Audit partner

**NON-STATUTORY FINANCIAL STATEMENTS**

**for the 12 months period ended 31 March 2018**

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## 1- PROFIT AND LOSS ACCOUNT

	Notes	FY 2017/18 €	FY2016/17 €
Domestic & Export Sales	▶	4 702 998	3 650 376
Intercompany Sales		0	0
<b>Net Sales</b>		<b>4 702 998</b>	<b>3 650 376</b>
Cost of Sales	(1)	(3 195 974)	(2 375 488)
<i>incl. depreciation</i>		0	0
<b>Gross Margin</b>		<b>1 507 024</b>	<b>1 274 888</b>
Selling Expenses	▶	(586 318)	(314 680)
General & Admin Expenses	(2)	(128 118)	(371 036)
<i>incl. depreciation</i>		0	0
Other Expenses		0	0
<i>incl. change in provisions</i>		0	0
<b>Operating Result</b>		<b>792 588</b>	<b>589 172</b>
Interest Income			4 828
Interest Expense			0
Currency exchange (gain) / loss		(12)	0
Others			(1 886)
<b>Pre-Tax Income</b>		<b>792 576</b>	<b>592 114</b>
Income Tax	▶	262 171	(195 727)
Deferred Income Tax	(3)	0	0
<b>Net Result</b>		<b>530 405</b>	<b>396 387</b>

**2- BALANCE SHEET**

Euros	Notes	31 March 2018	31 March 2017
<b>ASSETS</b>			
Cash and deposits		115,922	45,804
Debtors	8	3,147,450	1,823,001
Stocks	7	195,815	426,258
Intangible assets	5	14	14
Financial assets		2,400	2,400
Tangible assets	6	<u>57,026</u>	<u>44,539</u>
Total Fixed assets		59,440	46,953
<b>TOTAL NET ASSETS</b>		<b>3,518,627</b>	<b>2,342,016</b>
<b>LIABILITIES</b>			
Payables	9	<237,812>	<190,265>
Bank Debts	10	<398,550>	
Other current liabilities	9	<354,600>	<166,491>
Capital		<300,000>	<300,000>
Prime		<282,833>	<282,833>
Statutory reserves		<30,000>	<30,000>
Other reserves		<1,370,654>	<974,267>
Profit and loss account		<530,405>	<396,387>
Shareholders investments	11	<2,513,893>	<1,983,488>
Risks and other liabilities	12	<12,000>	
Exceptionnal depreciation		<1,773>	<1,773>
<b>TOTAL NET LIABILITIES</b>		<b>&lt;3,518,627&gt;</b>	<b>&lt;2,342,016&gt;</b>

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### 3- ACCOUNTING POLICIES FOR THE NON-STATUTORY FINANCIAL STATEMENTS

#### *I- Purpose and contents of the non-statutory financial statements*

The President presents the financial statements for the 12 months period ended 31 March 2018.

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 statements have been prepared in accordance with the accounting policies on the basis of applicable French Gaap.

The non-statutory financial statements will include the information required by the parent company to enable the filling of their annual report.

#### *II- Significant event of the period*

NEOFOG SAS is fully integrated in the UPL's consolidated financial statements.

#### *III- Summary of significant accounting policies*

A- Intangible fixed assets:  
Not material.

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

C- Depreciation  
Assets depreciation is calculated on a straight-line basis as follows:

Goodwill: Fully depreciated before the acquisition by the Group

Equipment: 5 to 10 years

Office material: 3 to 8 years

Impairment of assets:

Assets subject to amortization 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.

Impairment of financial assets:

The Company assesses impairment based on expected credit losses (ECL) model on trade receivables. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, historical observed default rates are updated and changes in forward-looking estimates are analysed. This policy is in line with the Group's policy on Impairment of financial assets.

D- Stock inventories:

Stocks are valued at last purchase price known. When the net realisable value, estimated on the basis of selling price less cost to be incurred to disposal, is lower than cost, a provision is made.

E- Provision for risks and charges:

A provision is generally recognized in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, and it is likely that an outflow of economic benefits will be required to settle the obligation.

There are no provisions in the non-statutory accounts as at 31 March 2018.

F- Environmental risks:

Non applicable

G- Foreign Currencies operations:

Non applicable

H- Consolidation:

From the 1<sup>st</sup> June of 2013, NEOFOG SAS is a 100% owned subsidiary of BLUE STAR BV (Netherland), incorporated in UPL Limited an indian group company. UPL India, as the ultimate parent company prepares the group financial statements.

NEOFOG SAS is fully integrated in the UPL's consolidated financial statements.



#### 4- NOTES TO THE FINANCIAL STATEMENTS

##### 1- Segment information

There are no group sales in F.Y 2018.

€uros	1 April 2017 31 March 2018 12 months
Purchases to third parties	1,761,888
Purchases to the Group	1,434,086
<b>Total COST OF SALES</b>	<b>3,195,974</b>

##### 2- Operating expenses

###### (a) Operating costs

The split between Selling expenses, General & Admin Expenses and Other Expenses were calculated on the basis of analytics :

#	C61300	C61301	C61302
1000/Not assigned	Finance & Admn	Sales & Marketing	SERVICES OPERATING
735 EUR	127 383 EUR	452 156 EUR	134 162 EUR
	<b>128 119 EUR</b>		<b>586 318 EUR</b>

###### (b) Personnel costs included in the operating costs :

€uros	1 April 2017 31 March 2018 12 months
Wages and salaries	242,228
Social security taxes	94,386
<b>Total PERSONNEL COSTS</b>	<b>336,615</b>
Number of employees at the end of the period	<b>6</b>

## 3- Income tax

On the basis of the 12 months FY18 profit, a € 262,171 corporate tax has been posted in the P&L.

	FY18	FY17	FY16
PROFIT BEFORE CIT	792 576	592 114	677 046
<b><u>Addition</u></b>			
Vehicle tax	392	774	2 993
C3S Tax			
Penalties		113	
<b><u>Deduction</u></b>			
C3S tax			-1 046
CICE credit tax	-6 454	-5 791	-5 366
Other			
PROFIT TAXABLE	786 516	587 210	673 627
CORPORATE INCOME TAX 33.33%	262 171	195 727	224 520
NET PROFIT	530 405	396 387	452 526

Last year profit has been entirely allocated to the carryforward account. There are no tax losses to be carried forward.

## 4- Dividends

The company did not declare any dividends over the periods covered by this report.

## 5- Intangible fixed assets

€uros	Software
Net value as at 31 March 2018	1,188
Net additions/disposal/amortization	<1,174>
<b>Net value as at 31 March 2018</b>	<b>14</b>

## 6- Tangible fixed assets

€uros	Equipment and others
Net value as at 31 March 2018	44,539
Net additions/disposals/amortization	12,487
<b>Net value as at 31 March 2018</b>	<b>57,026</b>

## 7- Stock gross value

€uros	31 March 2018
Goods	195,815
Depreciation	0
<b>Total Stocks</b>	<b>195,815</b>

## 8- Debtors

€uros	31 March 2018
Trade debtors	401,664
Affiliates	2,732,909
Other debtors	12,877
<b>Total debtors</b>	<b>3,147,450</b>

## 9- Creditors: amounts falling due within one year

€uros	31 March 2018
Trade creditors	<66,028>
Creditor Arysta	<58,500>
Creditor BASF	<55,080>
Creditor UPL Europe Ltd	<44,000>
Creditor UPL Benelux	<13,923>
Social liabilities	<75,337>
Tax liabilities	<148,135>
Others	<131,128>
<b>Total creditors</b>	<b>&lt;592,412&gt;</b>

“Others” included Actura year-end rebate for €105,990.

## 10- Bank Debts

€uros	31 march 2018
Bank Debts	398,550
<b>Net value as at 31 March 2018</b>	<b>398,550</b>

The company's outstanding balance relates to cashpooling arrangement secured by corporate guarantee from UPL India Ltd.

The facility carries an interest rate of BANABOR + 1.75%.

## 11- Shareholder's funds

€uros	Shareholders funds
As at 31 March 2018	1,983,488
Profit 2017-2018	530,405
<b>Net value as at 31 March 2018</b>	<b>2,513,893</b>

## 12- Risks and other liabilities

Provision regarding a customer complaint.

## 13- Intercompany

*Transactions during the year :*

<b>Code</b>	<b>Name of Related party</b>	<b>Nature of Transactions</b>	<b>2017-2018</b>	<b>2016-2017</b>
2100	UPL Benelux B.V.	Sales	-	-
2200	Cerexagri B.V.	Sales	-	-
2030	UPL Europe Ltd	Purchases	1 392 317,00	1 297 220,00
2100	UPL Benelux B.V.	Purchases	41 769,00	86 092,00
2700	UPL France	Purchases	-	-
2580	DECCO Iberica	Purchases	1 524,50	-
2030	UPL Europe Ltd	Management fees	44 000,00	34 000,00
2600	Cerexagri S.A.S.	Management fees	-	6 696,00
2700	UPL France	Interest income	-	4 372,00
2030	UPL Europe Ltd	Insurances expenses	2 687,71	3 458,04
2030	UPL Europe Ltd	Other Recharges	6 465,60	-
2100	UPL Benelux B.V.	Other Recharges Income	1 000,00	-
2200	Cerexagri B.V.	Other Recharges	-	-
2600	Cerexagri S.A.S.	Other Recharges expenses	9 251,75	1 188,00
2700	UPL France	Other Recharges income	232,25	3 469,20
2700	UPL France	Promotion, incentive ope (401010) - income	-	1 812,50
2700	UPL France	Entertainment - Income (401058)	-	160,84
2700	UPL France	Other Recharges expenses	7 365,57	6 959,55
2580	DECCO Iberica	Other Recharges income	-	43,50

*Outstanding balances :*

<b>Code</b>	<b>Name of Related party</b>	<b>Nature of Balances</b>	<b>2017-2018</b>	<b>2016-2017</b>
2100	UPL Benelux B.V.	Payables	13 923,00	-
2700	UPL France	Receivables	-	566,00
2580	DECCO Iberica	Receivables	-	43,50
2030	UPL Europe Ltd	Payables	44 000,00	34 000,00
2600	Cerexagri S.A.S.	Payables	-	6 893,62
2700	UPL France	Payables	-	4 437,71
2700	UPL France	Loan given	-	-
2030	UPL Europe Ltd	Loan given	2 732 909,00	-