

Report of independent auditors
to the board of directors of

United Phosphorus Switzerland Ltd. Lucerne

on the financial statements 2017/2018



Report of independent auditors
to the board of directors of
United Phosphorus Switzerland Ltd.
Lucerne


As independent auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes) of United Phosphorus Switzerland Ltd. for the year 2017/2018, ended March 31, 2018.

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and the financial statements comply with the Swiss law and the company's articles of incorporation. As the financial statements contain no hidden reserves, they offer a true and fair view in accordance with Swiss Code of Obligation.

Baker Tilly OBT Ltd



Daniel Schweizer
licensed audit expert
auditor in charge



Claude Rohrer
licensed audit expert

Zurich, April 10, 2018

- Financial statements 2017/2018 (balance sheet, income statement and notes)

2017/2018

United Phosphorus Switzerland Ltd.
Lucerne

- **Financial statements 2017/2018**

- Balance sheet as per March 31, 2018
- Income statement 2017/2018
- Notes to the financial statements as per March 31, 2018

Balance Sheet as of		31.03.2018	31.03.2017
	Note	CHF	CHF
ASSETS			
Current assets			
Debtors - Related entities	3.1	125'172.19	126'920.90
VAT		627.85	858.00
Total current assets		<u>125'800.04</u>	<u>127'778.90</u>
Non current assets			
Investment UPL Limited, Gibraltar		2'606.00	2'606.00
Not paid-in capital	3.2	50'000.00	50'000.00
Total non current assets		<u>52'606.00</u>	<u>52'606.00</u>
Total assets		<u><u>178'406.04</u></u>	<u><u>180'384.90</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Current liabilities			
Creditors		0.00	12'127.20
Accrued liabilities		5'642.90	4'500.00
Total current liabilities		<u>5'642.90</u>	<u>16'627.20</u>
Shareholders' equity			
Share Capital	3.3	100'000.00	100'000.00
Capital Contribution Reserve		56'427.80	56'427.80
Legal Earning Reserve		50'000.00	50'000.00
Available earnings			
- Loss / Profit brought forward		-42'670.10	38'688.96
- Profit / Loss for the period		9'005.44	-81'359.06
		(-33'664.66)	(-42'670.10)
Total shareholders' equity		<u>172'763.14</u>	<u>163'757.70</u>
Total Liabilities and Shareholders' equity		<u><u>178'406.04</u></u>	<u><u>180'384.90</u></u>

Income Statement for the period		1.4.2017 to 31.03.2018	1.4.2016 to 31.03.2017
	Note	CHF	CHF
Dividend income	3.1	0.00	0.00
Management fee receivable		25'000.00	25'000.00
Total operating income		25'000.00	25'000.00
Operating expenses			
- Patent cost		-6'800.00	0.00
- Personnel expenses		0.00	0.00
- Personnel recruiting cost		0.00	0.00
- Travelling and entertainment		0.00	0.00
- Insurance premium		0.00	0.00
- Audit and accounting		-4'948.15	-7'725.00
- Professional fees		0.00	0.00
- Legal fees		-3'000.00	-3'000.00
- Other operating expenses		-18.41	0.00
<i>Total operating expenses</i>		<i>(-14'766.56)</i>	<i>(-10'725.00)</i>
Profit / Loss before interest and taxes		10'233.44	14'275.00
Financial income		0.00	0.55
Financial expenses		0.00	-90.41
Loss on Foreign Exchange		0.00	-95'000.00
Profit / Loss before taxes		10'233.44	-80'814.86
Taxes	3.4	-1'228.00	-544.20
Profit / Loss for the period		9'005.44	-81'359.06

Notes to the financial statements as per

31.3.2018

31.3.2017

1 General

United Phosphorus Switzerland Ltd., c/o Testatoris AG, Töpferstrasse 5, CH-6004 Lucerne/Switzerland CHE-112.983.167

2 Summary of significant accounting policies

The accounting principles applied preparing these financial statements are in accordance with the provisions of the Swiss accounting law (chapter 32 of the Code of Obligations), in particular with the articles of the Code of Obligations about accounting and financial reporting (article 957 to article 962).

When preparing financial statements, the Board is required to make estimates and assumptions that could affect the reported amounts of assets, liabilities and contingent liabilities at the balance sheet date, as well as income and expenses for the reporting period. The Board shall decide in each case in its sole discretion on the use of existing legal valuation and accounting scope. In line with the concept of prudence, depreciation, amortization and provisions can be recorded above the economically required extent to secure the on-going prosperity of the company.

These financial statements have been prepared on the historical cost basis unless indicated otherwise and the Board believes that the company will continue as going concern for the foreseeable future. Comparative information has been presented also using the same accounting policies.

3 Information to individual financial statement line items**3.1 Debtors - related entities**

		31.03.2018	31.03.2017
		CHF	CHF
<i>Related Party Name</i>	<i>Nature of Transaction</i>	2017-18	2016-17
UPL Limited., Gibraltar	Management Fee	25'000.00	25'000.00
UPL Europe Ltd	Loan receivable	26'748.71	51'920.90
United Phosphorus Holdings Cooperative U.A	Dividend payment (USD 2,0 Mio.)	0.00	1'825'000.00
Total		<u>51'748.71</u>	<u>1'901'920.90</u>
<i>Related Party Name</i>	<i>Category of Outstanding balance</i>	2017-18	2016-17
UPL Limited, Gibraltar	Management Fee	100'000.00	75'000.00
UPL Europe Ltd	Loan receivable	25'172.19	51'920.90
Total		<u>125'172.19</u>	<u>126'920.90</u>

3.2 Investment UPL Limited., Gibraltar

United Phosphorus Switzerland Ltd. is holding 100 % of the share capital of GBP 2,000 of UPL Limited (formerly known as Uniphos Ltd.), Gibraltar, which was incorporated on 28 April 2011.

3.3 Share Capital

The share capital amounts to CHF 100,000 of which CHF 50,000 are paid in and is divided into 1000 registered shares with a par value of CHF 100 each. No shares or share certificates are issued.

All shares of the Company are held by United Phosphorus Holdings Coöpertief U.A., 3196 KE Vonderlingenplaat Rt., The Netherlands.

Statement of changes in Equity

	Equity	Cap Contr Res	Legal Reserve	Available Earnings	Shareholder's Equity
FY18					
Opening balance 1.4.2017	100'000	56'428	50'000	-42'670	163'758
Profit for the period				9'005	9'005
Closing balance 31.3.2018	100'000	56'428	50'000	-33'665	172'763
FY17					
Opening balance 1.4.2016	100'000	56'428	0	1'913'689	2'070'117
Dividend payment				-1'825'000	-1'825'000
Trf to Legal Reserve			50'000	-50'000	
Loss for the period				-81'359	-81'359
Closing balance 31.3.2017	100'000	56'428	50'000	-42'670	163'758

3.4 Tax reconciliation

	2017/18 CHF	2016/17 CHF
Profit on ordinary activities before tax	10'233.44	-80'814.86
Less. Exempted income (Dividend of USD 2,0 Mio.)	0.00	0.00
Profit on ordinary activities bevor (after exempted income)	10'233.44	-80'814.86
Corporate tax rate in %	12.00	0.00
Tax as per Corporate tax rate	1'228.00	0.00
Adjustments:		
- tax payment to tax office	85.10	544.20
- reversal of PY tax	0.00	0.00
- refund from tax office	0.00	0.00
- debit to current p/l	-85.10	0.00
Current tax charge for the year	1'228.00	544.20
Effective tax rate in %	12.20	0.00

4 Number of full time equivalent employees

The Company has no employees.

5 Consolidated financial statement

In applying Art. 663f CO the Company has renounced to establish consolidated financial statement.

6 Significant subsequent events

No significant events occurred between the end of the reporting period and the date of approval by the Board of Directors, which would result in an adjustment of these financial statements or require their disclosure at this point.

Appropriation of available earnings	2017-18	2016-17
Loss / Profit brought forward	-42'670.10	38'688.96
Profit / Loss for the period	9'005.44	-81'359.06
Available earnings	<u>-33'664.66</u>	<u>-42'670.10</u>

The board of Directors proposes to the General Meeting of shareholders the following appropriation of available earnings:

Payment of a dividend of	0.00	0.00
Transfer to legal earnings reserve	0.00	0.00
To be carried forward	<u>-33'664.66</u>	<u>-42'670.10</u>
	<u>-33'664.66</u>	<u>-42'670.10</u>