UPL LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

THOMAS CHENG & CO.

Certified Public Accountants

鄭創程 會計師行

UPL LIMITED

REPORT OF THE DIRECTORS

The board of directors presents this report and the audited financial statements for the year ended 31 March 2018 (the "current reporting period").

Principal activities

Details of the principal activities of the company and its subsidiaries are set out in notes to the financial statements.

Results and dividends

The group's financial performance for the current reporting period and the financial position of the group at the end of the current reporting period are set out in the annexed financial statements.

The board of directors does not recommend the payment of any dividends in respect of the current reporting period.

Share capital

There were no movements in the company's share capital during the current reporting period.

Directors

The board of directors of the company during the current reporting period was as follows:

DOBHAL Ashish
Sunpoint Venture Inc.
YARRAPOTU Bhaskara Sai Chander

There being no provision in the company's Articles of Association for retirement by rotation, all directors continue in office.

Directors' interests in transactions, arrangements and contracts

Save as disclosed in notes to financial statements, where applicable, no director had a material interest, either directly or indirectly, in any transaction, arrangement and contract of significance to the business of the group to which the company, its holding company, or any of its subsidiaries or fellow subsidiaries, whichever applicable, was a party during the current reporting period.

Directors' rights to acquire shares or debentures

At no time during the current reporting period were rights to acquire benefits by means of the acquisition of shares in or debentures of the company granted to any directors or their respective spouses or minor children, or were any such rights exercised by them; or was the company, its holding company, or any of its subsidiaries or fellow subsidiaries, whichever applicable, a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Management contracts

No contracts concerning the management and administration of the whole or any substaintial part of the business of the company were entered into or existed during the current reporting period.

UPL LIMITED

REPORT OF THE DIRECTORS

Auditors
Thomas Cheng & Co. retire and, being eligible, offer themselves for re-appointment.

ON BEHALF OF THE BOARD

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DOBHAL Ashish
Director
9 April 2018

THOMAS CHENG & CO.
Certified Public Accountants
鄭創程 會計師行
18A, 18/F, Two Chinachem Plaza, 68 Connaught Road Central, Hong Kong
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INDEPENDENT AUDITOR’S REPORT

To the members of UPL Limited (“the company”)
(Incorporated in Hong Kong with limited liability)

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the company and its subsidiaries (the “group”) for the year ended 31 March 2018 (the “current reporting period”) set out on the annexed pages, which comprise:

- the consolidated statement of financial position as at the end of the current reporting period
- the consolidated statement of profit or loss and other comprehensive income for the current reporting period
- the consolidated statement of changes in equity for the current reporting period
- the consolidated statement of cash flows for the current reporting period
- notes to the consolidated financial statements, including a summary of significant accounting policies

In our opinion, the consolidated financial statements give a true a fair view of the consolidated financial position of the group as at the end of the current reporting period and of its consolidated financial performance and its consolidated cash flows for the current reporting period in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the group in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of directors and those charged with governance for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud and error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the group’s financial reporting process.

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Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. 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 these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.

- Obtain 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 group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' 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 group'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 consolidated financial statements 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 the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Thomas Cheng & Co.
Certified Public Accountants (Practising)
Hong Kong
9 April 2018

UPL LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2018

	Notes	2018 US$	2017 US$
REVENUE	3	85,103,824	88,564,888
Cost of sales		(75,682,381)	(76,104,491)
Gross profit		9,421,443	12,460,397
Other income and gains	3	959,818	6,031
Selling and distribution costs		(1,869,759)	(1,278,372)
Administrative and other operating expenses		(4,984,901)	(4,095,118)
Finance costs	4	(313,942)	(298,673)
PROFIT BEFORE TAX	4	3,212,659	6,794,265
Income tax	6	(42,323)	-
PROFIT FOR THE REPORTING PERIOD		3,170,336	6,794,265
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign operations		217,409	(99,156)
OTHER COMPREHENSIVE INCOME FOR THE REPORTING PERIOD, NET OF TAX		217,409	(99,156)
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD		3,387,745	6,695,109
Attributable to:			
Owners of the company		3,383,684	6,695,109
Non-controlling interests		4,061	-
		3,387,745	6,695,109

UPL LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2018

	Notes	2018 US$	2017 US$
NON-CURRENT ASSETS			
Property, plant and equipment	7	316,409	162,670
Other assets		791,888	582,589
Total non-current assets		1,108,297	745,259
CURRENT ASSETS			
Inventories	8	29,624	735,275
Accounts and bills receivable	9	20,873,647	19,533,280
Prepayment, deposits and other receivables		441,734	218,567
Due from the ultimate holding company	10	12,860,455	13,503,667
Due from the holding company	11	12,500,000	12,500,000
Due from fellow subsidiaries	12	18,077,876	23,276,002
Cash and cash equivalents	13	20,585,806	12,255,607
Total current assets		85,369,142	82,022,398
CURRENT LIABILITIES			
Accounts and bills payable	14	(28,325,428)	(31,021,248)
Other payables and accruals		(2,247,192)	(1,087,338)
Due to the holding company	15	(16,607,388)	(17,395,047)
Due to fellow subsidiaries	16	(6,408,685)	(3,838,023)
Total current liabilities		(53,588,693)	(53,341,656)
NET CURRENT ASSETS		31,780,449	28,680,742
Net assets		32,888,746	29,426,001
EQUITY			
Share capital	17	1,290	1,290
Reserves	18	32,808,395	29,424,711
		32,809,685	29,426,001
Non-controlling interests		79,061	-
Total equity		32,888,746	29,426,001

Approved on behalf of the board by:

DOBHAL Ashish	YARRAPOTU Bhaskara Sai Chander
Director	Director
9 April 2018	9 April 2018

UPL LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2018

	Share capital US$	Reserve funds US$	Exchange fluctuation reserve US$	Retained profits US$	Total US$	Non-controlling interests US$	Total equity US$
At 1 April 2016	1,290	8,549	21,935	22,699,118	22,730,892	-	22,730,892
Total comprehensive income for the reporting period	-	-	(99,156)	6,794,265	6,695,109	-	6,695,109
At 31 March 2017	1,290	8,549	(77,221)	29,493,383	29,426,001	-	29,426,001
Total comprehensive income for the reporting period	-	-	214,805	3,168,879	3,383,684	4,061	3,387,745
Capital injection from non-controlling shareholders	-	-	-	-	-	75,000	75,000
At 31 March 2018	1,290	8,549*	137,584*	32,662,262*	32,809,685	79,061	32,888,746

* These reserve accounts comprise the consolidated reserves of US$32,808,395 (2017: US$29,424,711) in the consolidated statement of financial position.

UPL LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2018

	Notes	2018 US$	2017 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		3,212,659	6,794,265
Adjustments for:			
Interest income	3	(27,136)	(6,031)
Depreciation	4	63,474	45,963
Impairment of accounts and bills receivable	4	544,643	-
		3,793,640	6,834,197
Net cash flows from the following:			
Changes in inventories		705,651	(702,639)
Changes in accounts and bills receivable		(1,885,010)	(4,853,343)
Changes in prepayment, deposits and other receivables		(223,167)	(157,826)
Changes in balances with the ultimate holding company		643,212	3,320,234
Changes in balances with the holding company		(787,659)	2,526,173
Changes in balances with fellow subsidiaries		7,768,788	(7,080,483)
Changes in accounts and bills payable		(2,695,820)	7,556,357
Changes in other payables and accruals		1,159,854	84,717
Cash generated from operations		8,479,489	7,527,387
Interest received		27,136	6,031
Overseas taxes paid		(42,323)	-
Net cash flows from operating activities		8,464,302	7,533,418
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(211,258)	(147,771)
Increase in other assets		(209,299)	(230,792)
Capital injection from non-controlling interests		75,000	-
Net cash flows used in investing activities		(345,557)	(378,563)
NET INCREASE IN CASH AND CASH EQUIVALENTS		8,118,745	7,154,855
Cash and cash equivalents at beginning of the reporting period		12,255,607	5,198,481
Effect of foreign exchange rate changes, net		211,454	(97,729)
CASH AND CASH EQUIVALENTS AT END OF THE REPORTING PERIOD		20,585,806	12,255,607
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	13	20,585,806	12,255,607
Cash and cash equivalents as stated in the statement of financial position		20,585,806	12,255,607
Others - no in the reporting period		-	-
Cash and cash equivalents as stated in the statement of cash flows		20,585,806	12,255,607

1. CORPORATE AND GROUP INFORMATION

The company and its subsidiary/ies are collectively referred to as the "group". The company is a limited liability company incorporated in Hong Kong. At the end of the current reporting period, the principal place of business of the company was located at Room 1712, Longemont Yes Tower, No. 399, Kaixuan Road, Changning District, Shanghai, China.

During the current reporting period, the company was involved in the following principal activities:

- trading of agrochemical products
- holding of investment

In the opinion of the board of directors, at the end of the current reporting period, the holding company and the ultimate holding company of the company were UPL Corporation Limited (formerly known as Bio-Win Corporation Limited) and UPL Limited, respectively, which are incorporated in Mauritius and India, respectively.

Information about subsidiaries

Particulars of the company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the company Direct	Principal activities
联磷磷品(上海)有限公司 (UPL Shanghai Ltd)	Mainland China	US$200,000	100	Trading of Agrochemical products
联磷磷品(江苏)有限公司 (UPL Jiangsu Ltd)	Mainland China	US$5,000,000	70	Trading of Agrochemical products

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and impact of new and revised Hong Kong Financial Reporting Standards

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, certain buildings, classified as property, plant and equipment, derivative financial instruments and equity investments, which have been measured at fair value. Disposal groups and non-current assets held for sale are stated at the lower of their carrying amounts and fair values less costs to sell.

The HKICPA has issued certain new and revised HKFRSs that are available for early adoption for the current reporting period of the group. The adoption of these new and revised HKFRSs did not result in significant changes to the group's accounting policies applied in these financial statements for the period presented. The group has not applied any new standard or interpretation that is not yet effective for the current reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the group for the current reporting period. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the company. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the group the current ability to direct the relevant activities of the investee).

When the company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

The group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the group had directly disposed of the related assets or liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets
Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, construction contract assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset. An impairment loss is charged to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior reporting periods. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties
A party is considered to be related to the group if:

(a) the party is a person or a close member of that person’s family and that person

  (i) has control or joint control over the group;

  (ii) has significant influence over the group; or

  (iii) is a member of the key management personnel of the group or of a parent of the group;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the group are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) the entity and the group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the group or an entity related to the group; and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the parent of the group.

<u>Property, plant and equipment and depreciation</u>

Property, plant and equipment, other than construction in progress, are stated at cost (or valuation) less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to profit or loss. Any subsequent revaluation surplus is credited to profit or loss to the extent of the deficit previously charged. An annual transfer from the asset revaluation reserve to retained profits is made for the difference between the depreciation based on the revalued carrying amount of an asset and the depreciation based on the asset's original cost. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation is calculated on the straight-line basis or diminishing balance method, where appropriate, to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of lease terms and 5 years
Machinery	10 years
Motor vehicles	5 years
Office equipment	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at each financial period end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the reporting period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

<u>Leases</u>
Leases that transfer substantially all the rewards and risks of ownership of assets to the group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the group is the lessor, assets leased by the group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Investments and other financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for “Revenue recognition”.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria under HKAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs for loans and in other expenses for receivables.

Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the group has the positive intention and ability to hold them to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss in other expenses.

Available-for-sale financial investments
Avvailable-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to profit or loss in other expenses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in profit or loss as other income in accordance with the policies set out for “Revenue recognition”.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the group is unable to trade these financial assets due to inactive markets, the group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the group’s consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the group has transferred substantially all the risks and rewards of the asset, or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the group continues to recognise the transferred asset to the extent of the group's continuing involvement. In that case, the group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

Impairment of financial assets

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets carried at amortised cost
For financial assets carried at amortised cost, the group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in profit or loss.

Assets carried at cost
If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments
For available-for-sale financial investments, the group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is removed from other comprehensive income and recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is “significant” or “prolonged” requires judgement. “Significant” is evaluated against the original cost of the investment and “prolonged” against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is “significant” or “prolonged” requires judgement. In making this judgement, the group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of other income and gains. Impairment losses on debt instruments are reversed through profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Subsequent measurement
The subsequent measurement of financial liabilities depends on their classification as follows:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Financial guarantee contracts
Fnancial guarantee contracts issued by the group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Convertible bonds
The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent reporting periods. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

If the conversion option of convertible bonds exhibits characteristics of an embedded derivative, it is separated from its liability component. On initial recognition, the derivative component of the convertible bonds is measured at fair value and presented as part of derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs are apportioned between the liability and derivative components of the convertible bonds based on the allocation of proceeds to the liability and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis or weighted average basis, where appropriate and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal. Cost of inventories includes the transfer from equity of gains and losses on qualifying cash flow hedges in respect of the purchases of raw materials.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the group and when the revenue can be measured reliably, on the following bases:

- from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold

- commission income, is recognised when the services have been rendered

- interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset

- other income, on an accrual basis

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

The financial statements are presented in a currency the same as the company's functional currency. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

3. REVENUE, OTHER INCOME AND GAINS

	2018 US$	2017 US$
Revenue		
Sale of goods	85,103,753	88,564,888
Other income		
Bank interest income	27,136	6,031
Gains		
Foreign exchange differences, net	932,682	-
	959,818	6,031

4. PROFIT BEFORE TAX

The group’s profit before tax is arrived at after charging:

	2018 US$	2017 US$
Auditors’ remuneration	39,325	39,436
Cost of inventories sold	75,682,381	76,104,491
Depreciation	63,474	45,963
Directors’ remuneration	84,175	91,938
Employee benefits expense (excluding directors’ remuneration):		
Wages and salaries	1,402,730	1,241,831
Finance costs:		
Bank charges	313,942	298,673
Foreign exchange differences, net	-	93,613
Impairment of accounts and bills receivable	544,643	-
Minimum lease payments under operating leases:		
Land and buildings	253,750	220,087

5. OTHER DISCLOSURES RELATING TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Average number of employees:

	2018			2017 (Restated)		
	Permanent	Contractual	Total	Permanent	Contractual	Total
The company	20	-	20	10	-	10
UPL Shanghai Ltd	24	-	24	19	-	19
UPL Jiangsu Ltd	1	-	1	-	-	-
	45	-	45	29	-	29

6. INCOME TAX

Hong Kong profits tax and taxes on profits assessable elsewhere, whichever applicable, have been calculated at the rates of tax prevailing in the jurisdictions in which the group operates.

	2018 US$	2017 US$
Current - Hong Kong	-	-
Current - Elsewhere	42,323	-
Deferred	-	-
Total tax charge for the reporting period	42,323	-

A reconciliation of the tax expense applicable to profit or loss before tax using the statutory rates for the jurisdictions in which the group's entities are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	Hong Kong and Mainland China 2018		Hong Kong and Mainland China 2017	
	US$	%	US$	%
Profit before tax	3,212,659		6,794,265	
Tax at the statutory tax rate	569,842	17.7*	1,182,582	17.4*
Income not subject to tax	89,866	2.8	-	-
Expenses not deductible for tax	-	-	(2,333)	(0.1)
Timing difference not recognised	(18,406)	(0.6)	(5,694)	(0.1)
Tax losses utilised from previous periods	(157,702)	(4.9)	(178,633)	(2.6)
Others	(441,277)	(13.7)	(995,922)	(14.6)
Tax charge at the group's effective rate	42,323	1.3	-	-

* weighted average rate as statutory rates vary for different jurisdictions

At the end of the current reporting period, there was no significant unrecognised deferred tax liability.

7. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements US$	Machinery US$	Motor vehicles US$	Office equipment US$	Total US$
31 March 2018					
At 1 April 2017, net of accumulated depreciation	61,511	5,420	82,147	13,592	162,670
Additions	-	-	33,334	177,924	211,258
Depreciation provided during the reporting period	(29,964)	(627)	(25,453)	(7,430)	(63,474)
Exchange realignment:					
Cost	11,096	634	-	3,052	14,782
Accumulated depreciation	(6,693)	(148)	-	(1,986)	(8,827)
At 31 March 2018, net of accumulated depreciation	35,950	5,279	90,028	185,152	316,409
At 31 March 2018:					
Cost	127,609	7,296	171,988	213,096	519,989
Accumulated depreciation	(91,659)	(2,017)	(81,960)	(27,944)	(203,580)
Net carrying amount	35,950	5,279	90,028	185,152	316,409
31 March 2016					
At 1 April 2016:					
Cost	47,822	7,108	67,681	28,831	151,442
Accumulated depreciation	(36,780)	(686)	(36,825)	(14,862)	(89,153)
Net carrying amount	11,042	6,422	30,856	13,969	62,289
At 1 April 2016, net of accumulated depreciation	11,042	6,422	30,856	13,969	62,289
Additions	71,703	-	70,973	5,095	147,771
Depreciation provided during the reporting period	(20,975)	(612)	(19,682)	(4,694)	(45,963)
Exchange realignment:					
Cost	(3,012)	(446)	-	(1,806)	(5,264)
Accumulated depreciation	2,753	56	-	1,028	3,837
At 31 March 2017, net of accumulated depreciation	61,511	5,420	82,147	13,592	162,670
At 31 March 2017:					
Cost	116,513	6,662	138,654	32,120	293,949
Accumulated depreciation	(55,002)	(1,242)	(56,507)	(18,528)	(131,279)
Net carrying amount	61,511	5,420	82,147	13,592	162,670

8. INVENTORIES

	2018 US$	2017 US$
Stock in trade	29,624	735,275

9. ACCOUNTS AND BILLS RECEIVABLE

	2018 US$	2017 US$
From unrelated parties	21,418,290	19,533,280
Impairment	(544,643)	-
	20,873,647	19,533,280

The movements in provision for impairment of accounts and bills receivable:

	2018 US$	2017 US$
At the beginning of the reporting period	-	-
Impairment losses recognised	544,643	-
At end of the reporting period	544,643	-

The group assesses impairment based on expected credit loss model on accounts receivables.

The group uses a provision matrix to determine impairment loss allowances on the portfolio of accounts receivable. The provision matrix is based on its historically observed default rates over expected life of the accounts receivable and is adjusted for forward looking estimates. At the end of every reporting period, historical observed default rates are updated and changes in forward-looking estimates are analysed.

This policy is in line with the ultimate holding company’s policy on impairment of financial assets.

10. DUE FROM THE ULTIMATE HOLDING COMPANY

The balances due are unsecured, interest-free and with no fixed terms of repayment.

11. DUE FROM THE HOLDING COMPANY

The balances due are unsecured, interest-free and with no fixed terms of repayment.

12. DUE FROM FELLOW SUBSIDIARIES

Details disclosed pursuant to s. 383 of the Hong Kong Companies Ordinance and Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G), where applicable, are as follows:

Name	Control and terms	31 Mar 2018 HK$	Maximum amount outstanding during the reporting period HK$	1 Apr 2017 HK$
UPL Australia Limited	@,#	-	119,460	119,460
UPL Vietnam Co. Limited	@,#	2,409,389	2,938,750	2,938,750
		2,409,389		3,058,210
Cerexagri B.V. - Netherlands	^,#	272,960		413,760
PT Catur Agrodaya Mandiri, Indonesia	^,#	181,200		-
PT. UPL Indonesia	^,#	180,425		527,670
LLC "UPL"		-		729,600
Riceco International, Inc. Bhamas	^,#	124,280		42,005
United Phosphorus Inc., U.S.A.	^,#	2,347,200		12,233,600
UPL Agro SA DE CV.	^,#	907,993		99,254
UPL Agromed Tohumculuk Sa,Turkey	^,#	-		206,000
UPL Costa Rica S.A.	^,#	1,369,500		975,000
UPL Europe Ltd.	^,#	5,244,706		4,067,906
UPL Limited, Gibraltar	^,#	149,000		148,000
UPL Ziraat Ve Kimya Sanayi Ve Ticaret Limited Sirketi	^,#	4,891,223		774,997
		15,668,487		20,217,792
		18,077,876		23,276,002

@ controlled by YARRAPOTU Bhaskara Sai Chander, a director of the company
^ parties not captured in the context of s. 383 of the Hong Kong Companies Ordinance and Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G)
# unsecured, interest-free and with no fixed terms of repayment

13. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2018 US$	2017 US$
Cash and bank balances	20,585,806	12,255,607
Cash and cash equivalents	20,585,806	12,255,607

14. ACCOUNTS AND BILLS PAYABLE

	2018 US$	2017 US$
To unrelated parties	28,325,428	31,021,248

15. DUE TO THE HOLDING COMPANY

The balances due are unsecured, interest-free and with no fixed terms of repayment.

16. DUE TO FELLOW SUBSIDIARIES

Name	2018 US$	2017 US$
Advanta Seeds DMCC	78,328	72,136
Advanta Seeds International, Mauritius	377,499	116,422
UPL Limited, Gibraltar	5,566,492	3,442,607
UPL Limited Korea	36,874	33,178
UPL Management DMCC	70,932	-
UPL Vietnam Co. Limited	278,560	173,680
	6,408,685	3,838,023

The balances due are unsecured, interest-free and with no fixed terms of repayment.

17. SHARE CAPITAL

	2018 US$	2017 US$
Issued and fully paid:		
10,000 ordinary shares	1,290	1,290

18. RESERVES

The amounts of the group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

Pursuant to the relevant laws and regulations for wholly-foreign-owned enterprises, a portion of the profit of the group's subsidiary which is established in the People's Republic of China has been transferred to reserve funds which are restricted as to use.

19. CONTINGENT ASSETS/LIABILITIES

The directors are of the opinion that the group had no contingent assets/liabilities at the end of the current reporting period.

20. BANKING FACILITIES

At the end of the current reporting period, the group's banking facilities amounting to US$50,000,000 were supported by:

(i) a letter of comfort from the ultimate holding company.

21. OPERATING LEASE ARRANGEMENTS

The group leased-in certain of its assets under operating lease arrangements.

The group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2018 US$	2017 US$
At end of the reporting period:		
Within one year	203,835	186,145
After one year	33,972	217,169
	237,807	403,314
Assets involved	Office properties	Office properties

22. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the group had the following transaction with related parties during the reporting period:

	2018 US$	2017 US$
Ultimate holding company:		
Sales of products	21,719,104	23,275,081
Purchases of products	-	6,000
Holding company:		
Purchases of products	14,001,148	15,695,586
Technical supports fee expenses	-	93,061
Insurance expenses	-	257
Fellow subsidiaries:		
Sales of products	37,888,831	39,611,291
Purchases of products	3,311,632	3,623,255
Commission expenses	520,913	475,905
Other operating expenses	545,235	319,519
Technical supports fee expenses	70,932	-

22. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties:

Details of balances with related parties as at the end of the reporting period are included in notes to the financial statements.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's activities expose to a variety of financial risks:

- interest rate risk
- foreign currency risk
- credit risk
- liquidity risk

The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner and minimise potential adverse effects on the group's financial performance.

Interest rate risk

The group's exposure to interest rate risk is minimal as the board of directors of the company considers that the range of interest rate fluctuation is not significant.

Foreign currency risk

The group's activities are primarily denominated in multi currencies. The board of directors of the company has monitored the foreign exchange rate. At present, the board of directors of the company does not intend to seek to hedge its exposure to foreign exchange risk profile.

Credit risk

The group deals only with recognised and creditworthy parties. In addition, receivable balances are monitored on an ongoing basis.

Bank balances are placed in authorised financial institutions and the board of directors of the company considers the credit risk for such is minimal.

Liquidity risk

The group regularly reviews its major funding positions to ensure it has adequate financial resources in meeting its financial obligations.

Capital management

The primary objective of the group's capital management is to safeguard the group's ability to continue as a going concern in order to support its business and maximise shareholders' value.

The group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the current and preceding reporting periods.

24. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the company at the end of the reporting period is as follows:

	2018 US$	2017 US$
NON-CURRENT ASSETS		
Property, plant and equipment	252,966	82,147
Other assets	1,634	-
Investments in subsidiaries	374.985	200,000
Total non-current assets	629,585	282,147
CURRENT ASSETS		
Accounts and bills receivable	2,102,884	2,587,002
Deposits and other receivables	301,251	153,619
Due from the ultimate holding company	12,860,455	13,503,667
Due from the holding company	12,500,000	12,500,000
Due from fellow subsidiaries	17,634,051	22,611,332
Cash and cash equivalents	12,419,946	6,303,763
Total current assets	57,818,587	57,659,383
CURRENT LIABILITIES		
Accounts and bills payable	(26,963,488)	(29,614,985)
Other payables and accruals	(547,414)	(354,494)
Due to the holding company	-	(93,061)
Due to a fellow subsidiary	(563,633)	(221,736)
Total current liabilities	(28,074,535)	(30,284,276)
NET CURRENT ASSETS	29,744,052	27,375,107
Net assets	30,373,637	27,657,254
EQUITY		
Share capital	1,290	1,290
Reserves	30,372,347	27,655,964
Total equity	30,373,637	27,657,254

Approved on behalf of the board by:

DOBHAL Ashish
Director
9 April 2018

YARRAPOTU Bhaskara Sai Chander
Director
9 April 2018

25. APPROVAL OF THE FINANICAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 9 April 2018.