

UNITED PHOSPHORUS DO BRASIL LTDA.

Independent Auditors' Report

**Financial Statements
As of March 31, 2016 and 2015**

UNITED PHOSPHORUS DO BRASIL LTDA.

Financial Statements

As of March 31, 2016 and 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United Phosphorus do Brasil Ltda.
São Paulo - SP

We have audited the accompanying special purpose financial information of **United Phosphorus do Brasil Ltda.** ("Company"), which comprise the balance sheet as of March 31, 2016 and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the twelve-month period then ended, as well as a summary of significant accounting practices and other explanatory notes.

Management's Responsibility

Management of the Company is responsible for the preparation and fair presentation of this special purpose financial information in accordance with International Financial Reporting Standards (IFRS). This responsibility includes maintaining internal controls considered necessary to allow the preparation of special purpose financial information free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies that are consistent with IFRS; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on this special purpose financial information based on our audit. Except as discussed in the following paragraphs, we conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the special purpose financial information 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 special purpose financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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 special purpose financial information.



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 special purpose information referred to above give a true and fair view of the financial position of **United Phosphorus do Brasil Ltda.** as at March 31, 2016, and of its financial performance and its cash flows for the twelve-month period then ended in accordance with International Financial Reporting Standards.

Emphasis

Going concern

The financial statements as of March 31, 2016 report a negative equity in the amount of R\$286.391 and accumulated losses of R\$614.905, as well as a negative working capital of R\$331.574. The loss of the current period amounted to R\$371.759. The Company's management has planned future actions to improve the financial position in order to continue as a going concern. The Company's special purpose financial information as of March 31, 2016 do not include any adjustment related to assets and liabilities realization which would be required in the case the Company could not continue as a going concern. Our opinion is not qualified in respect of this matter.


Restriction on Use and Distribution

The above mentioned accompanying special purpose financial information and this report have been prepared for the purpose of providing information to the Company's controlling company located abroad to enable it to prepare the consolidated financial statements of the group. As a result, the special purpose financial information is not a complete set of financial statements of United Phosphorus do Brasil Ltda. on a stand-alone basis in accordance with IFRS. The accompanying special purpose financial information are presented as accumulated results of the twelve-month period ended March 31, 2016 and 2015 (comparison period), in accordance with IFRS. We issue this report only in English and only for the purpose of consolidation by the controlling company. Accordingly, it is not intended and therefore, may not be suitable for any other purpose.

São Paulo, April 26, 2016.



BDO RCS Auditores Independentes SS
CRC 2 SP 013846/O-1


Mauro de Almeida Ambrósio
Accountant CRC 1SP 199692/O-5

UNITED PHOSPHORUS DO BRASIL LTDA.

Balance sheets

As of March 31, 2016 and 2015

(in thousand Reais)

Assets				Liabilities and quotaholders' equity			
	Notes	2016	2015		Notes	2016	2015
Current assets				Current liabilities			
Cash and cash equivalents	4	51	105	Supplier	8	-	3.129
Accounts receivable	5	454	3.586	Accrued salaries	-	130	44
		505	3.691	Payroll taxes	10	266	132
				Taxes payable	9	440	313
Non-current assets				Other current payables	-	-	32
Investments	6	31	8			836	3.650
Net fixed assets	7	14	37	Quotaholders' equity			
		45	45	Capital	11	700	700
				Accumulated losses	-	(986)	(614)
						(286)	86
Total assets		550	3.736	Total liabilities and quotaholders' equity		550	3.736

The accompanying notes are an integral part of these financial statements

UNITED PHOSPHORUS DO BRASIL LTDA.

Statements of income

For the years ended March 31, 2016 and 2015

(in thousand Reais)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
Net sales revenue	13	1.306	4.188
(=) Net sales revenue		1.306	4.188
(-) Cost of products sold	-	-	(2.524)
Gross profit		1.306	1.664
(-) Operating expenses			
General and administrative expenses	14	(1.578)	(1.718)
		(1.578)	(1.718)
(=) Operating income		(272)	(54)
(+/-) Non operating revenues and expenses			
Financial revenues (expenses), net	-	-	9
		-	9
(=) Loss before Income Tax and Social Contribution		(272)	(45)
(-) Income Tax and Social Contribution	-	(100)	(38)
(=) Net loss for the year		(372)	(83)

The accompanying notes are an integral part of these financial statements

UNITED PHOSPHORUS DO BRASIL LTDA.

Statement of comprehensive income For the years ended March 31, 2016 and 2015 (in thousand Reais)

	<u>2016</u>	<u>2015</u>
Net loss for the year	(372)	(83)
Other comprehensive income/(expense)		
Equity adjustment	-	-
Total comprehensive loss	<u>(372)</u>	<u>(83)</u>
Attributable to:		
Equity shareholders of United Phosphorus do Brasil	(372)	(83)
Non-controlling interests	-	-
	<u>(372)</u>	<u>(83)</u>

The accompanying notes are an integral part of these financial statements

UNITED PHOSPHORUS DO BRASIL LTDA.

Statement of changes in quotaholders' equity For the years ended March 31, 2016 and 2015 (in thousand Reais)

	<u>Capital</u>	<u>Accumulated losses</u>	<u>Total</u>
(=) Balance of March 31 th , 2014	700	(532)	168
(+) Net loss for the period	-	(83)	(83)
(=) Balance of March 31 th , 2015	700	(614)	86
(+) Net loss for the period	-	(372)	(372)
(=) Balance of March 31 th , 2016	<u>700</u>	<u>(986)</u>	<u>(286)</u>

The accompanying notes are an integral part of these financial statements

UNITED PHOSPHORUS DO BRASIL LTDA.

Statements of cash flows

For the years ended March 31, 2016 and 2015

(in thousand Reais)

	2016	2015
Net loss	<u>(372)</u>	<u>(83)</u>
Adjustments		
Depreciation and amortization of non-current assets	23	25
	<u>23</u>	<u>25</u>
Assets and liabilities changes		
Other accounts receivable	3.132	(3.506)
Supplier	(3.129)	3.129
Accrued Salaries	86	32
Payroll Taxes	134	110
Taxes payable	127	169
Other accounts payable	(32)	32
(=) Net cash flow of operating activities	<u>318</u>	<u>(34)</u>
Cash flow of investment activities		
Acquisition of investments	(23)	-
(=) Net cash flow of investment activities	<u>(23)</u>	<u>-</u>
(=) Decrease in cash and cash equivalents	(54)	(92)
Cash and cash equivalents at the beginning of the year	105	197
Cash and cash equivalents at the end of the year	51	105
(=) Decrease in cash and cash equivalents	<u><u>(54)</u></u>	<u><u>(92)</u></u>

The accompanying notes are an integral part of these financial statements

UNITED PHOSPHORUS DO BRASIL LTDA.

Notes to the financial statements

For the twelve month period ending March 31, 2016 and 2015

(In thousand Reais)

1. Business operations

United Phosphorus Do Brasil Ltda. (the “Company”) is engaged in importing, exporting, manufacturing, marketing, distributing, representing, promoting and selling of chemicals characterized as pesticides, components and the like, disinfectants and sanitizers and veterinary products; providing technical assistance and consulting services in the sale of the products that it imports and sells; representing other business companies, partnerships, in Brazil or abroad, and holding ownership interest in other business companies, as partner, shareholder or member.

In financial year 2016, there is commission income on sales receivables recorded in current, which is an indicator of the continuity solution of the problem, in the second quarter.

Another measure that will reduce the Company's expenses on the maintenance of records of the formulations of the products, with IBAMA, is that these costs will be reimbursed by the related UPL Campinas.

2. Presentation of the financial statements

2.1. Basis of preparation

The Company's financial statements were prepared in accordance with International Financial Reporting Standards (IRFS). The financial statements have been prepared on the historical cost basis.

In the preparation of the financial statements, it is necessary to use estimates to record certain assets, liabilities and other transactions. Therefore the financial statements include estimates related to the useful lives of fixed assets, determination of provisions for income tax and the like. The actual results may differ from those estimates.

The Company's functional currency is the Brazilian Real (R\$).

The financial statements were approved by the Company's management and authorized for issue on April 26, 2016.

2.2. Foreign currency translation

2.2.1. Functional currency

Items included in financial statements of each of the Company's entities are measured using the currency of the primary economy environment in which the entity operates (“the functional currency”) - Brazilian Reais.

Notes to the financial statements

For the twelve month period ending March 31, 2016 and 2015

(In thousand Reais)

2.2.2. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchanges gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of operations, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

3. Summary of significant accounting policies

3.1. Fixed assets

Fixed assets are stated at cost amount. Depreciation is provided under the straight-line method over the estimated useful lives of depreciable assets.

3.2. Other current assets

All other current and non-current assets are stated at cost or realizable value, including income earned, when applicable.

3.3. Cash and cash equivalents

Cash and cash equivalents with original maturities of three months or less are stated at fair value and are comprised of cash on hand and on demand deposits, and other highly liquid short-term investments readily convertible to a known amount of cash, subject to insignificant risk of changes in value. Those are reported at cost, plus income earned to the balance sheet date, if applicable

3.4. Transactions with related parties

Monetarily restated based on exchange and monetary variations plus respective charges through fiscal year.

3.5. Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

UNITED PHOSPHORUS DO BRASIL LTDA.

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For the twelve month period ending March 31, 2016 and 2015

(In thousand Reais)

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

3.6. Other current liabilities

All other current and non-current liabilities are stated at known or estimated amounts, plus the related charges and exchange variations where applicable.

4. Cash and cash equivalents

	<u>2016</u>	<u>2015</u>
Cash	2	1
Bank accounts	49	104
	<u>51</u>	<u>105</u>

5. Accounts receivable

	<u>2016</u>	<u>2015</u>
UP INC.	454	-
UPL do Brasil	-	3.335
Du Pont do Brasil	-	68
Others	-	183
	<u>454</u>	<u>3.586</u>

As part of a global business operation, the Company imported products from related parties to resell in the internal market on behalf of United Phosphorus Limited do Brazil because the Company has the rights to use the controlled formulations and related registered patents, therefore, the company is able to trade such products in Brazil.

6. Investments

	<u>2016</u>	<u>2015</u>
Uniphos Ind. e Com.de Produtos Químicos Ltda.	8	8
United Phosphorus Ind. e Com. de Produtos Químicos Ltda.	23	-
	<u>31</u>	<u>8</u>

UNITED PHOSPHORUS DO BRASIL LTDA.

Notes to the financial statements

For the twelve month period ending March 31, 2016 and 2015

(In thousand Reais)

7. Fixed assets

Description	% Depreciaton rate	31/03/2016			31/03/2015
		Costs	Depreciation	Net balance	Net balance
Furniture and Fixtures	10%	32	(28)	5	7
Machinery and Equipment	10%	8	(7)	1	1
Computers	10%	19	(15)	4	5
Vehicles	0%	93	(88)	5	23
		<u>152</u>	<u>(138)</u>	<u>14</u>	<u>37</u>

8. Suppliers

	2016	2015
UPL Limited, Mauritius	-	3.091
UPL Limited, India	-	38
	<u>-</u>	<u>3.129</u>

The Company also imported products from related party United Phosphorus Limited Mauritius to resell on its own behalf in order to develop the internal market, establish the quality of its products and provide safety guidance to the customer on products use.

9. Taxes payable

	2016	2015
IRRF payable	75	110
Tax on revenues (PIS and COFINS)	-	-
Income taxes (IRPJ and CSLL)	-	-
Tax on services (ISS)	145	118
Provision of interest and fine unpaid taxes	220	85
	<u>440</u>	<u>313</u>

10. Payroll taxes

	2016	2015
INSS payable	258	129
FGTS payable	8	3
	<u>266</u>	<u>132</u>

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Notes to the financial statements

For the twelve month period ending March 31, 2016 and 2015

(In thousand Reais)

11. Capital

Subscribed and paid-in capital amounts to R\$ 700, represented by 700.273 shares with par value of one Real each and distributed as follows:

	<u>Shares</u>
Bio-Win Corporation Limited	689.263
United Phosphorus, INC.	11.010
	<u><u>700.273</u></u>

12. Contingencies

In accordance with Brazilian tax legislation, income tax returns filed within the last five years are open to examination and final assessment by the tax authorities. Various other returns for federal, state and municipal taxes, social security contributions and other similar charges are also open to review for varying limitation periods. As of March 31 2016, there were no known claims against the Company.

13. Net sales

	<u>2016</u>	<u>2015</u>
Gross revenue		
Resale revenue goods	-	2.724
Foreign market services revenue	1.375	1.541
	<u>1.375</u>	<u>4.265</u>
Sales deductions		
Sales taxes	(69)	(77)
	<u>(69)</u>	<u>(77)</u>
	<u>1.306</u>	<u>4.188</u>

14. General and administrative expenses

	<u>2016</u>	<u>2015</u>
Personnel	89	470
General	1.489	1.248
	<u>1.578</u>	<u>1.718</u>

Notes to the financial statements

For the twelve month period ending March 31, 2016 and 2015

(In thousand Reais)

15. Financial instruments

15.1. Fair value of financial instruments

The fair values of the Company's financial assets and liabilities were determined on the basis of market information and application of appropriate valuation methods. Nevertheless, it was necessary to apply a considerable amount of judgment when interpreting the actual market data in order to determine the most appropriate fair value. As a result, the estimates presented are not necessarily indicative of the actual amounts that could be obtained in the current market. The use of different assumptions and/or methods could have a material effect on the estimated realizable values. Such fair value estimates are based on pertinent information available to management as of March 31 2016 and have not been comprehensively revalued for purposes of the financial statements since that date.

The Company's financial statements include principally cash and cash equivalents and other accounts receivable. The carrying amounts of the financial instruments approximate their fair value.

15.2. Derivatives

As of March 31 2016 the Company did not hold financial instruments with derivative characteristics.

16. Insurance

The company fixed assets are not significant, mainly composed of office furniture and equipment. The company did not hire property insurance for these items.

17. Subsequent events

Not occurred to date any other events that could significantly change the financial statements and the Company's operations.