Uniphos Indústria e Comércio de Produtos Químicos Ltda.

Financial Statements For the Year Ended March 31, 2015 and Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes

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INDEPENDENT AUDITOR'S REPORT

To the Quotaholders and Management of
Uniphos Indústria e Comércio de Produtos Químicos Ltda.
São Paulo - SP

Introduction

We have audited the accompanying individual and consolidated financial statements of Uniphos Indústria e Comércio de Produtos Químicos Ltda. ("Company"), identified as Company and Consolidated, respectively, which comprise the balance sheets as of March 31, 2015, and the statements of operation, of comprehensive loss, of changes in quotaholders' deficit and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these individual and consolidated financial statements in accordance with accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of individual and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion on the individual and consolidated financial statements

As explained in Note 8, the Company subsidiary United Phosphorus Indústria e Comércio de Produtos Químicos Ltda. ("United") acquired on July 25, 2011 UPL do Brasil Indústria e Comércio de Insumos Agropecuários S.A. ("UPL do Brasil") controlling interest and has not been able to ascertain the fair values of certain of UPL do Brasil material assets and liabilities at the acquisition date. As of March 31, 2015, part of the investment balance in the amount of R$211,699 thousand (R$351,375 thousand as of March 31, 2014), which reflects the goodwill originated from the acquisition in the amount of R$199,703 thousand as of March 31, 2015 and 2014, was accounted for at cost, which is not in accordance with accounting practices adopted in Brazil, that requires the allocation of material assets and liabilities originated from the business combination at the acquisition date. Had the Company been able to record the effects originated from the business combination, investments, intangible assets, deferred income tax liabilities, accumulated losses and general and administrative expenses captions of the balance sheets and statements of operations, would have been affected with related impacts in the statements of cash flows.

The Company´s management considered an exchange rate provided by its Parent Company of R$2.00825 to compute the amount liabilities with related parties denominated in foreign currency recorded in the individual and consolidated financial statements by R$220,610 thousand as of March 31, 2013 rather than using the exchange rate provided by Brazilian Central Bank of R$2.0138. As a result, current liabilities as of March 31, 2013 and net loss the year then ended are understated by approximately R$532 thousand and net income for the year ended March 31, 2014 is understated by the same amount.

Qualified opinion on the individual and consolidated financial statements

In our opinion, except for the effects of the matters described in the "Basis for qualified opinion on the individual and consolidated financial statements" paragraphs, the individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of Uniphos Indústria e Comércio de Produtos Químicos Ltda. as of March 31, 2015, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Other matters

Financial statements prepared in English

The accompanying financial statements have been prepared in English for the convenience of readers outside Brazil.

Campinas, April 15, 2015

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Paulo de Tarso Pereira Jr.
Engagement Partner

UNIPHOS INDÚSTRIA E COMÉRCIO DE PRODUTOS QUÍMICOS LTDA.

BALANCE SHEETS AS OF MARCH 31, 2015
(In thousands of Brazilian reais - R$)

ASSETS	Note	03/31/2015 Company	03/31/2015 Consolidated	03/31/2014 Company	03/31/2014 Consolidated
CURRENT ASSETS					
Cash and cash equivalents	3	181	37,120	371	25,122
Trade accounts receivable	4	-	617,354	-	388,590
Inventories	5	-	58,410	-	90,137
Recoverable taxes	6	16	6,768	273	6,020
Related parties	7	216	2,829	-	478
Derivative financial instruments	16	-	36,348	-	-
Other assets		-	3,472	-	2,955
Total current assets		413	762,301	644	513,302
NON-CURRENT ASSETS					
Trade accounts receivable	4	-	3,030	-	7,709
Recoverable taxes	6	3,063	4,995	-	1,232
Deferred income tax and social contribution	14	-	37,204	-	33,878
Other assets		-	10,806	-	8,882
Investments	8	211,699	-	351,375	-
Property, plant and equipment	9	-	44,849	-	38,260
Intangible assets	10	-	274,600	-	269,195
Total non-current assets		214,762	375,484	351,375	359,156
TOTAL ASSETS		215,175	1,137,785	352,019	872,458

LIABILITIES AND QUOTAHOLDERS' (DEFICIT) EQUITY	Note	03/31/2015 Company	03/31/2015 Consolidated	03/31/2014 Company	03/31/2014 Consolidated
CURRENT LIABILITIES					
Borrowings and financing	11	-	180,504	-	182,927
Trade payables	12	-	217,144	-	164,451
Related parties	7	382	222,981	337	79,170
Payables to previous shareholders	8	-	23,571	-	-
Payroll and related taxes		-	6,061	-	5,070
Taxes payable		-	20,549	1,910	7,142
Advances from customers		-	14,106	-	437
Derivative financial instruments	16	-	-	-	1,356
Other payables		-	16,620	-	8,328
Total current liabilities		382	701,536	2,247	448,881
NON-CURRENT LIABILITIES					
Related parties	7	386,722	386,722	260,544	260,544
Borrowings and financing	11	-	4,240	-	13,399
Provision for labor claims	13	-	1,565	-	4,313
Payables to previous shareholders	8	-	215,578	-	-
Other payables		-	73	-	141
Total non-current liabilities		386,722	608,178	260,544	278,397
TOTAL LIABILITIES		387,104	1,309,714	262,791	727,278
QUOTAHOLDERS' (DEFICIT) EQUITY					
Share capital	15	149,743	149,743	121,042	121,042
Share subscription reserve	8	23,567	23,567	23,567	23,567
Goodwill on acquisition of noncontrolling interest	8	(204,939)	(204,939)	-	-
Accumulated losses		(144,804)	(144,804)	(59,885)	(59,885)
Other comprehensive income	8	4,504	4,504	4,504	4,504
Total quotaholders' equity		(171,929)	(171,929)	89,228	89,228
NON-CONTROLLING INTERESTS		-	-	-	55,952
TOTAL QUOTAHOLDERS' (DEFICIT) EQUITY		(171,929)	(171,929)	89,228	145,180
TOTAL LIABILITIES AND QUOTAHOLDERS' (DEFICIT) EQUITY		215,175	1,137,785	352,019	872,458

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

UNIPHOS INDÚSTRIA E COMÉRCIO DE PRODUTOS QUÍMICOS LTDA.

STATEMENTS OF OPERATION FOR THE YEAR ENDED MARCH 31, 2015
(In thousands of Brazilian reais - R$)

		03/31/2015		03/31/2014	
	Note	Company	Consolidated	Company	Consolidated
NET REVENUES	17	-	755,760	-	540,336
COST OF SALES	18	-	(520,536)	-	(385,879)
GROSS PROFIT		-	235,224	-	154,457
OPERATING INCOME (EXPENSES)					
Selling	18	-	(44,787)	-	(51,619)
General and administrative	18	(439)	(90,425)	(3,088)	(76,273)
Exchange rate variation on trade receivables and payables	18	-	(51,798)	-	(4,299)
Equity pick up	8	39,889	-	31,999	-
Other operating (expense) income, net	20	-	(5,085)	30,000	53,881
		39,450	(192,095)	58,911	(78,310)
OPERATING INCOME		39,450	43,129	58,911	76,147
Finance income	19	-	136,598	70	42,073
Finance expenses	19	(13,663)	(81,823)	(12,432)	(65,086)
Exchange rate variation on borrowing and financing	19	(112,616)	(152,555)	(27,995)	(31,174)
(LOSS) INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		(86,829)	(54,651)	18,554	21,960
INCOME TAX AND SOCIAL CONTRIBUTION					
Current	14	1,910	(31,072)	(1,910)	(8,972)
Deferred	14	-	3,326	-	4,713
		1,910	(27,746)	(1,910)	(4,259)
NET (LOSS) INCOME FOR THE YEAR		(84,919)	(82,397)	16,644	17,701
ATTRIBUTABLE TO					
Owners of the Company		(84,919)	(84,919)	16,644	16,644
Non-controlling interests		-	2,522	-	1,057
		(84,919)	(82,397)	16,644	17,701

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

UNIPHOS INDÚSTRIA E COMÉRCIO DE PRODUTOS QUÍMICOS LTDA.

STATEMENTS OF COMPREHENSIVE LOSS FOR THE YEAR ENDED MARCH 31, 2015
(In thousands of Brazilian reais - R$)

	03/31/2015		03/31/2014	
	Company	Consolidated	Company	Consolidated
NET (LOSS) INCOME FOR THE YEAR	(84,919)	(82,397)	16,644	17,701
OTHER COMPREHENSIVE INCOME				
Items that will not be subsequently reclassified to the statement of operations:				
Bargain gain on share subscription of subsidiary	-	-	4,504	4,504
OTHER COMPREHENSIVE (LOSS) INCOME	(84,919)	(82,397)	21,148	22,205
ATTRIBUTABLE TO				
Owners of the Company	(84,919)	(84,919)	21,148	21,148
Non-controlling interests	-	2,522	-	1,057
	(84,919)	(82,397)	21,148	22,205

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

UNIPHOS INDÚSTRIA E COMÉRCIO DE PRODUTOS QUÍMICOS LTDA.

STATEMENTS OF CHANGES IN QUOTAHOLDERS' DEFICIT FOR THE YEAR ENDED MARCH 31, 2015
(In thousands of Brazilian reais - R$)

		Attributable to owners of the Company							
	Note	Share capital	Share subscription reserve	Goodwill on acquisition of noncontrolling interest	Accumulated losses	Other comprehensive income	Total	Non-controlling interests	Total
BALANCES AS AT MARCH 31, 2013		79,034	-	-	(76,529)	-	2,505	81,975	84,480
Capital increase	15	42,008	-	-	-	-	42,008	-	42,008
Gain on share subscription of subsidiary	8	-	15,045	-	-	-	15,045	-	15,045
Gain on bargain purchase	8	-	-	-	-	4,504	4,504	-	4,504
Dilution gain on share subsrcription on related parties transaction	8	-	39,935	-	-	-	39,935	-	39,935
Dilution gain on subsidiary capital increase	8	-	8,522	-	-	-	8,522	8,719	17,241
Dilution loss on related parties transaction	8	-	(39,935)	-	-	-	(39,935)	(35,799)	(75,734)
Net income for the year		-	-	-	16,644	-	16,644	1,057	17,701
BALANCES AS AT MARCH 31, 2014		121,042	23,567	-	(59,885)	4,504	89,228	55,952	145,180
Capital increase	15	28,701	-	-	-	-	28,701	-	28,701
Goodwill on acquisition of noncontrolling interest	8	-	-	(204,939)	-	-	(204,939)	(58,474)	(263,413)
Net income (loss) for the year		-	-	-	(84,919)	-	(84,919)	2,522	(82,397)
BALANCES AS AT MARCH 31, 2015		149,743	23,567	(204,939)	(144,804)	4,504	(171,929)	-	(171,929)

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

UNIPHOS INDÚSTRIA E COMÉRCIO DE PRODUTOS QUÍMICOS LTDA.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2015
(In thousands of Brazilian reais - R$)

		03/31/2015		03/31/2014	
	Note	Company	Consolidated	Company	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES					
Net (loss) income for the year		(84,919)	(82,397)	16,644	17,701
Adjustments to reconcile net (loss) income for the year to net cash used in operating activities:					
Income tax and social contribution - current and deferred	14	1,910	27,746	1,910	4,259
Depreciation and amortization	18	-	14,313	-	11,393
Allowance for doubtful accounts	4	-	13,853	-	24,410
(Reversal of provision) provision for net realizable value of inventories	5	-	(397)	-	412
Equity pick up	8	(39,889)	-	(31,999)	-
Net book value of property, plant and equipment and intangible assets disposed off		-	556	-	291
Exchange variation on intercompany loans	19	112,616	112,616	27,995	27,995
Exchange variation on payables to previous shareholders		-	(558)	-	2,243
Gain on fair value of financial liabilities - payables to previous shareholders	20	-	-	-	(27,435)
Interest on borrowings and financing	19	13,562	28,697	12,432	30,384
Gain on derivative financial instruments	19	-	(37,704)	-	-
Exchange rate variation on borrowing and financing	19	-	39,939	-	3,179
Present value adjustments on trade accounts receivable		-	13,252	-	5,083
Disposals of intangibles	10	-	-	-	14
(Reversal of provision) provision for labor claims	13	-	(2,748)	-	(1,331)
Non-controlling interests		-	-	-	1,057
(Increase) decrease in operating assets:					
Trade accounts receivable		-	(251,190)	-	(108,678)
Inventories		-	32,124	-	(24,748)
Recoverable taxes		(2,806)	(4,511)	(273)	(968)
Related parties		-	(2,351)	-	6
Other assets		-	(2,441)	-	(5,574)
Increase (decrease) in operating liabilities:					
Trade payables		-	52,693	-	72,190
Related parties		45	143,811	(156)	(22,003)
Payroll and related taxes		-	991	-	1,392
Taxes payable		(758)	1,969	-	(3,889)
Advances from customers		-	13,669	-	(1,921)
Payables to previous shareholders		-	-	-	(36,800)
Other payables		-	8,212	-	(933)
Cash (used in) provided by operating activities		(239)	120,144	26,553	(32,271)
Income tax and social contribution paid		(3,062)	(19,634)	-	(4,557)
Net cash (used in) provided by operating activities		(3,301)	100,510	26,553	(36,828)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment in subsidiary	8	(25,590)	-	(68,190)	-
Acquisition of non-controlling interest in subsidiary	8	-	(23,694)	-	-
Purchases of property, plant and equipment		-	(13,452)	-	(2,760)
Purchases of intangible assets		-	(14,886)	-	(9,282)
Net cash used in investing activities		(25,590)	(52,032)	(68,190)	(12,042)
CASH FLOWS FROM FINANCING ACTIVITIES					
Capital increase	15	28,701	28,701	42,008	42,008
New borrowings and financing		-	285,001	-	245,026
Payments of borrowings and financing		-	(350,182)	-	(225,629)
Net cash provided by (used in) financing activities		28,701	(36,480)	42,008	61,405
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(190)	11,998	371	12,535
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		371	25,122	-	12,587
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		181	37,120	371	25,122

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

1. OPERATIONS

Uniphos Indústria e Comércio de Produtos Químicos Ltda. (“the Company”) is located in the city of São Paulo, was incorporated on July 13, 2011 and is engaged in the management of own real estate assets, and holding investments in other entities as a partner or shareholder.

The Company has a direct investment in UPL do Brasil Indústria e Comércio de Insumos Agropecuários S.A purchased on March 1, 2014 and an indirect investment purchased on July 25, 2011 at UPL do Brasil Indústria e Comércio de Insumos Agropecuários S.A. (“UPL Brasil”) through the investment in United Phosphorus Indústria e Comércio de Produtos Químicos Ltda. (“United”). UPL Brasil is headquartered in Ituverava, with a branch in Campinas, State of São Paulo, and branches in Cuiabá - State of Mato Grosso, Carazinho - State of Rio Grande do Sul, Aparecida de Goiânia - State of Goiás, Ibiporã - State of Paraná and Luiz Eduardo Magalhães - State of Bahia, and is engaged in:

- Production, packaging, repackaging, handling, storage, distribution, shipment, transportation, import, export, trading and sales representation of agricultural products and other chemicals; sanitizing products; household cleaning products; pesticides; fertilizers; soil ameliorators; products for veterinary use, wood treatment and agricultural use; inoculants; anti-growth products; semiochemicals; biosynthetic products; essential products; and natural products.

- Provision of phytosanitary services and technical assistance in the application of chemicals for agricultural, veterinary, sanitary and household cleaning use.

- Temporary or definitive onerous assignment of trademarks, patents, registrations or production techniques.

- Purchase, sale, import and export of grains and other agricultural and similar products and holding equity interests in other companies as a shareholder.

The Company´s yearend is March 31 of each year. Uniphos Indústria e Comércio de Produtos Químicos Ltda. and its subsidiaries are hereinafter referred to as “Group” for purposes of this report, unless otherwise stated.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of compliance

The individual and consolidated financial statements were prepared and are presented in accordance with accounting practices adopted in Brazil, provisions of the Brazilian Corporate Law, with the changes introduced by Laws 11638/07 and 11941/09, and the pronouncements guidelines and interpretations issued by the Accounting Pronouncements Committee (“CPC”), approved by the Federal Accounting Council (“CFC”).

2.2. Basis of preparation

The financial statements were prepared in Real (R$), which is the Group's functional currency, and on the historical cost basis, except for certain financial instruments measured at their fair value, as described in the following accounting practices. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

2.3. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries controlled by the Group. Control is achieved when the Group:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable CPC). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under CPC 36, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The list of subsidiaries considered for the consolidated financial statements purposes is as follow:

Name of subsidiaries	Country of incorporation	Direct interest	Indirect interest
UPL do Brasil Indústria e Comércio de Insumos Agropecuários S.A.	Brazil	46.61%	53.39%
United Phosphorus Indústria e Comércio de Produtos Químicos Ltda.	Brazil	99.99%	-
DVA Technology Argentina S.A.	Argentina	-	100%

Refers to Note 8 to detail information about the Company subsidiaries.

The summary of the significant accounting practices adopted in the preparation of the individual and consolidated financial statements is as follows:

a) Cash and cash equivalents

Include cash on hand and in banks and short-term investments. These short-term investments are carried at cost plus yield accrued through the end of the reporting period, have maturities lower than 90 days or no fixed term for redemption from the investment date, and are highly liquid and subject to an insignificant risk of change in value. The fair value of short-term investments is calculated, when applicable, taking into consideration market quotations or information that allows such calculation.

b) Trade accounts receivable

Recorded in the balance sheet at their original amounts, plus exchange rate variation, when applicable, and adjusted at net present value. When deemed necessary by Management, an allowance for doubtful accounts is recorded, based on an analysis of the aging of receivables, in an amount considered sufficient by Management to cover probable losses on their collection.

c) Adjustment to present value

Assets and liabilities arising from short-term or long-term transactions, when there is a material effect, are adjusted to present value based on the discount rate used by the Group for funding purposes, which is compatible with the interest rates for government securities with similar risks and terms. The reversals of adjustment to present value are recorded under “financial income and expenses”. The discount rate used was approximately 1% a month, which is based on the effective discount rate used by the Group. Measurement of the present value adjustment was performed in “pro rata die” exponential basis, from the origin of each transaction.

d) Inventories

Stated at average acquisition cost, lower than replacement costs or realizable values. Imports in transit are stated at the accumulated cost of each import. When applicable, a reserve for losses is recorded in an amount considered sufficient by Management to cover probable losses on the realization of inventories.

e) Other current and non-current assets

Other current and non-current assets are stated at cost plus, when applicable, accrued yields and inflation adjustment through the end of the reporting period, less any reserve for adjustment to realizable value, when applicable.

f) Financial assets

Investments are recognized and derecognized at the transaction date when the purchase or sale of an investment is under an agreement which requires the delivery of the investment within a schedule established by the market to which it belongs and are initially measured at fair value, plus transaction costs, except for financial assets at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following categories: at fair value through profit or loss, held-to-maturity, available-for-sale, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Group has only financial assets classified as at fair value through profit or loss, and loans and receivables.

<u>Financial assets at fair value through profit or loss</u>

Financial assets are classified as at fair value through profit or loss when either they are held for trading or they are designated as at fair value through profit or loss when acquired. A financial asset is classified as held for trading if:

- It has been acquired principally for selling it in the near term.
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- A derivative is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and CPC 38 - "*Financial Instruments*: *Recognition and Measurement*" permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 16.

Loans and receivables

The Group considers the following classes of financial assets and liabilities as part of the category of loans and receivables: cash and cash equivalents, trade accounts receivable, borrowings and financing and other receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as trade accounts receivable, the allowance for doubtful accounts is calculated based on the assessment of credit risks, which includes the history of losses, the individual situation of customers, the situation of the group to which they belong, guarantees for the debts, and the assessment by the legal counsel, and is considered sufficient to cover any losses on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade accounts receivable, where the carrying amount is reduced using an allowance account. When trade accounts receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For financial assets included in the category of loans and receivables, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

<u>Derecognition of financial assets</u>

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to contrai the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantiality all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset units entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized based on the relative fair values of those parts.

g) Investments in subsidiaries

<u>Company</u>

Investments in subsidiaries are recognized by the equity method from the date that its control is acquired. According to this method, investments in subsidiaries are recognized in the financial statements at the acquisition cost and the carrying amount is increased or decreased to recognize the investor’s share of the profit or loss of the investee, in the investor’s statement of operations. These effects are recognized in income and expenses when selling or writing-off the investment.

After reducing to zero the balance value of investor share, additional losses are considered, and a liability (provision for unfunded liabilities) is recognized only to the extent in which the investor has incurred into legal or constructive obligations (not formalized) to make payments on behalf of the subsidiary.

On acquisition of the investment any difference between the cost of the investment and the investor's share of the net fair value of the associate's identifiable and liabilities accounted is treated as goodwill. Additionally, investment balance may be reduced by the recognition of impairment losses.

h) Property, plant and equipment

Property, plant and equipment are stated at acquisition or construction cost, plus interest capitalized during the construction period and written down to the recoverable amount of assets, when necessary.

Depreciation is recognized based on the estimated useful lives of each asset using the straight-line method, so as the cost less residual amount is completely written-off after useful live (except for land and construction in progress) less their residual values over their useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The depreciation rates used are disclosed in Note 9.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Subsequent costs are added to the residual value of property, plant and equipment or recognized as a specific item, as appropriate, only if future economic benefits associated to these items are probable and measurable, and includes borrowing costs capitalized during the construction period. The residual balance of the replaced item is written off. Other repairs and maintenance are directly recognized in profit or loss for the year when incurred. The residual value and useful life of the assets are reviewed and adjusted, if necessary, at the fiscal year end. The residual value of property, plant and equipment is immediately written off at their recoverable value when the residual balance exceeds the recoverable value.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use or sale, are added to the cost of those assets, until 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 eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

i) Intangible assets

Intangible assets are stated at acquisition or formation cost less amortization, which is calculated under the straight-line method at rates that take into consideration the contribution period of such assets, as mentioned in Note 10. An impairment test of these assets is made at least annually and when applicable, a reserve is recorded, when identified.

j) Receivables and payables denominated in foreign currency or subject to inflation adjustment

Receivables and payables, legally or contractually subject to indexation, are adjusted for inflation through the end of the reporting period, and assets and liabilities denominated in foreign currency are translated into Brazilian Real at the exchange rates in effect at the end of the reporting period. The contra entries to these adjustments are reflected directly in profit or loss for the year.

k) Income tax and social contribution

Current taxes

Income tax is calculated at the rate of 15% on taxable income plus 10% of surtax on taxable income exceeding R$240, and social contribution is calculated at the rate of 9% on taxable income.

The Group only recognizes a provision on fiscal matters if a past event origins a present obligation. The Company determines whether a present obligation exists at year-end taking into consideration all available evidence, including, for example, the legal counsel´s opinion.

Deferred taxes

Deferred income tax and social contribution are recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income, including the balance of tax losses, when applicable. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and tax loss carryforwards to the extent that it is probable that taxable income will be available against which those deductible temporary differences and tax loss carryforwards can be utilized.

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 income will be available to allow all or part of the asset to be recovered.

l) Financial instruments

Measurement of financial instruments, including derivatives: (a) at fair value or equivalent value for trading securities or available-for-sale securities, and (b) at the purchase or issue value, adjusted in conformity with contract or legal provisions and adjusted to realizable value, when this is lower, for held-to-maturity securities.

The Group has derivatives to hedge against the net exposure to exchange rate risks related to imports and exports. Net gains or losses are recognized in the statement of operations as financial income or expenses.

m) Provisions

Provisions are recognized when the Group has a present obligation (legal or presumed) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

The reserve for labor, civil and tax claims, which includes the estimate of social security contributions, is recorded according to the risk assessment (probable losses) made by the Management of the Group and by their legal counsel, including its classification in non-current liabilities.

n) Critical judgment in applying accounting policies

The following are the critical judgments, apart from these involving estimations, that Management have made in the process of applying the Group´s accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

<u>Income and social contribution taxes</u>

Income projections prepared by management and approved by the Group’s Board, which contain many assumptions and judgments, aiming to measure the potential to generate future taxable income to support the realization of generating taxable income for income tax and social contribution are recorded in used financial statements. The actual future taxable income may be higher or lower than the estimates made when determining the need for registering the income tax and social contribution.

<u>Useful life of property, plant and equipment</u>

The Group recognizes depreciation of its property, plant and equipment based on estimated useful lives, which is based on their practices and prior experience and reflects the economic life of these assets. However, the actual useful lives may vary due to several factors. The useful lives of property also affect the recovery testing cost.

<u>Present value adjustment</u>

Assets and liabilities arising from short-term or long-term transactions, when there is a material effect, are adjusted to present value based on the discount rate used by the Group for funding purposes, which is compatible with the interest rates for government securities with similar risks and terms. The reversals of adjustment to present value are recorded under “financial income and expenses”. The discount rate used was approximately 1% per month, which is based on effective discount rate used by the Group. Measurement of the present value adjustment was performed in “pro rata die” exponential basis, from the origin of each transaction.

Reduction of the recoverable amounts of the assets

At each period ending date, the Group reviews the balances of property, plant and equipment and intangible, assessing whether or not an indication that those assets have suffered a reduction in their recovery values (value in use). The existence of such indicators, management performs a detailed analysis of the recoverable amount for each asset by calculating the individual future cash flow discounted to present value by adjusting the balance of the respective assets, if necessary.

o) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

a) Credit risk analysis to determine the allowance for doubtful accounts.

b) Net realizable value of inventories.

c) Measurement of the fair value of financial instruments.

d) Recognition of provision for labor claims.

p) New and revised technical standards and interpretations issued but not yet adopted

The accounting standards and interpretations issued by the International Accounting Standards Board - IASB and International Financial Reporting Standards Interpretations Committee - IFRIC described below have been issued or revised, but are not effective yet since not been issued by the CPC.

The Company will implement these standards as they become effective and approved by CPC, while it has not estimated the possible effects arising from these new standards and interpretations on its financial statements yet.

IFRS 9	Financial instruments	(5)
IFRS 15	Revenue from Contracts with Customers	(4)
Amendments to IFRS 11	Accounting for Acquisitions of lnterests in Joint Operations	(3)
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization	(3)
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants	(3)
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions	(1)
Amendments to IFRSs	Annual improvements to IFRSs 2010-2012 Cycle	(2)
Amendments to IFRSs	Annual improvements to IFRSs 2011-2013 Cycle	(3)

(1) Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

(2) Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

(3) Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

(4) Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

(5) Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

The aforementioned amendments to IFRSs have not been issued by CPC yet. Nevertheless, in view of the commitment assumed by CPC and the Federal Accounting Council ("CFC") to maintain this set of standards up-to-date as amendments are made by IASB, these amendments are expected to be issued by CPC and approved by CFC up to their effective date. The Company's Management does not expect such amendments to affect the financial statements. There are no other standards or interpretations issued and not yet adopted that may materially affect profit and loss for the year or shareholders' equity reported by the Company, based on Management’s opinion.

3. CASH AND CASH EQUIVALENTS

	Company		Consolidated	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Cash on hand and in banks	181	371	3,125	6,191
Short-term investments	-	-	33,995	18,931
Total	181	371	37,120	25,122

Short-term investments refer to Bank Deposit Certificates (“CDB”), with a yield equivalent to 75% to 100% of the Interbank Deposit Certificate (“CDI”).

4. TRADE ACCOUNTS RECEIVABLE

	Consolidated	
	March 31, 2015	March 31, 2014
Domestic customers	725,983	474,793
Present value adjustment	(30,841)	(17,589)
Sub-total	695,142	457,204
Allowance for doubtful accounts	(74,758)	(60,905)
Total	620,384	396,299
Current	617,354	388,590
Non-current	3,030	7,709
	620,384	396,299

Present value adjustment

The adjustment to present value in the amount of R$30,841 as of March 31, 2015 (R$17,589 as of March 31, 2014), was calculated for all trade accounts receivable, except those arising from commercial arrangements settled within a short period of time and whose effect is immaterial. Its calculation takes into account the term of realization of the asset by using a discount rate of approximately 1% per month, which is based on the effective discount rate used by the Group.

Credit assignment without recourse

During the year ended March 31, 2015, the Group conducted trade receivables credits assignment without recourse transactions in the amount of R$24,273 (R$9,519 in 2014) and incurred in finance expenses on credits assignment of R$1,467 (R$773 in 2014), recorded as "Finance expenses" in the statement of income for the year ended.

The changes in the allowance for doubtful accounts are as follows:

	March 31, 2015	March 31, 2014
Opening balance, net	60,905	36,495
Allowance for doubtful accounts	13,853	24,410
Closing balance, net	74,758	60,905

The aging list of trade accounts receivable is as follows:

	Consolidated	
	March 31, 2015	March 31, 2014
Current:		
From 1 to 30 days	47,304	58,771
From 31 to 60 days	179,230	135,582
From 61 to 90 days	48,391	16,691
From 91 to 180 days	214,615	149,734
From 181 to 360 days	147,054	58,476
Over 360 days	4,404	7,709
Total current	640,998	426,963
Past due:		
From 1 to 30 days	5,186	3,618
From 31 to 60 days	115	32
From 61 to 90 days	354	4
From 91 to 180 days	2,901	639
From 181 to 360 days	36,344	22,875
Over 360 days	40,086	20,662
Total past due	84,985	47,830
	725,983	474,793

Past due amounts over 360 days increased mainly due to the crop failures occurred in the 2014/2015 harvest, for which the Company recorded an allowance for doubtful accounts for the cases that risk of realization was identified.

As of March 31, 2015, the Company had accounts receivable pledged as collateral to secure the Company´s working capital financing, agribusiness credit right certificates and Import Financing in the amount of approximately R$73,945 (R$35,029 in March 31, 2014).

5. INVENTORIES

	Consolidated	
	March 31, 2015	March 31, 2014
Finished goods	42,044	70,154
Raw materials	9,905	6,578
Imports in transit	5,375	11,497
Advances to suppliers	1,086	1,908
Total	58,410	90,137

As of March 31, 2015, the Group recorded a reserve for net realizable value of finished goods of R$3,269 (R$3,666 as of March 31, 2014), which is considered sufficient by Management to cover probable losses on the realization of inventories.

Changes in the provision for net realizable value of finished goods, which reduced the balance of inventories, are as follows:

Balance as at March 31, 2013	3,254
Recognition of provision	412
Balance as at March 31, 2014	3,666
Recognition of provision	(397)
Balance as at March 31, 2015	3,269

As of March 31, 2015, the Company had inventories pledged as collateral to secure the Company´s financing of approximately R$14,350.

6. RECOVERABLE TAXES

	Company	Consolidated	
	March 31, 2015	March 31, 2015	March 31, 2014
ICMS (state VAT) (a)	-	4,703	2,756
Income tax and social contribution	3,063	6,222	1,290
PIS and COFINS (taxes on revenue)	-	1,157	2,989
IPI (federal VAT)	-	361	708
Provision for non-realization of ICMS tax credits	-	(797)	(508)
Other	16	117	17
Total	3,079	11,763	7,252
Current	16	6,768	6,020
Non-current	3,063	4,995	1,232
	3,079	11,763	7,252

ICMS (state VAT) credits are due on purchases of raw materials, as well as purchases of property, plant and equipment, and are available to offset the tax to be collected as a result of the Group's sales. As part of the sales is made with a reduced tax base and ICMS exemption, the Group has accumulated credits.

The realization of these credits depends on the success of the measures implemented by management, which include requests for ICMS exemption on purchases of inputs, and permit the approval of credits and their consequent use for transfer to suppliers. The Group's management, based on an internal study, recorded a provision in the approximate amount of R$797 as of March 31, 2015 (R$508 as of March 31, 2014) to cover losses on the realization of ICMS credits.

7. RELATED PARTIES

7.1. Balances and transactions with related parties are summarized as follows

Balances with related parties	March 31, 2015				
	Company		Consolidated		
	Current liabilities	Noncurrent liabilities	Current assets	Current liabilities	Noncurrent liabilities
Controlling shareholders:					
United Phosphorus Limited, India	-	-	2,829	-	-
United Holdings Brazil B.V. (loan payable) (a)	-	386,722	-	-	386,722
UPL Limited, Maritius (trade payables)	-	-	-	208,601	-
United Phosphorus Indústria e Comércio de Produtos Químicos Ltda.	382	-	-	-	-
United Phosphorus do Brasil Ltda.	-	-	-	3,337	-
Subtotal	382	386,722	2,829	211,938	386,722
Associated companies:					
RiceCo International Inc.	-	-	-	989	-
Cerexagri S.A.S.	-	-	-	1,588	-
Cerexagri B.V.	-	-	-	8,246	-
Sipcam UPL Brasil S.A.	-	-	-	220	-
Subtotal	-	-	-	11,043	-
Total	382	386,722	2,829	222,981	386,722

Balances with related parties	March 31, 2014				
	Company		Consolidated		
	Current liabilities	Noncurrent liabilities	Current assets	Current liabilities	Noncurrent liabilities
Controlling shareholders:					
United Holdings Brazil B.V. (loan payable) (a)	-	260,544	-	-	260,544
United Phosphorus Limited, India (trade payables)	-	-	-	79,052	-
United Phosphorus Indústria e Comércio de Produtos Químicos Ltda.	337	-	-	-	-
Subtotal	337	260,544	-	79,052	260,544
Associated companies:					
DVA Health & Nutrition Gmbh	-	-	199	-	-
DVA Paraguay	-	-	279	-	-
Decco Iberica Pos Cosecha S.A.U	-	-	-	118	-
Sipcam UPL Brasil S.A	-	-	-	-	-
Subtotal	-	-	478	118	-
Total	337	260,544	478	79,170	260,544

	March 31, 2015			
	Company	Consolidated		
Transactions	Financial charges	Financial charges	Sales	Purchases
Associated companies:				
Riceco International Inc.	-	-	-	721
Cerexagri S.A.S.	-	-	-	1,811
Cerexagri B.V.	-	-	-	6,880
Decco Iberica Pos Cosecha, S.A.U	-	-	-	334
	-	-	-	9,746
Controlling shareholders:				
United Holdings Brazil B.V.	126,178	126,178	-	-
United Phosphorus Limited, India	-	-	2,842	-
UPL Limited, Maritius	-	-	-	189,494
United Phosphorus do Brasil Ltda.	-	-	-	2,570
	126,178	126,178	2,842	192,064
Total	126,178	126,178	2,842	201,810

Transactions	March 31, 2014			
	Company	Consolidated		
	Financial charges	Financial charges	Sales	Purchases
Associated companies:				
DVA Paraguay	-	-	790	-
Sipcam UPL Brasil S.A.	-	-	492	793
RiceCo International Inc.	-	-	858	-
Decco Iberica Pos Cosecha S.A.U.	-	-	-	179
	-	-	2,140	972
Controlling shareholders:				
United Holdings Brazil B.V.	40,427	40,427	-	-
United Phosphorus Limited, India	-	-	-	141,534
	40,427	40,427	-	141,534
Total	40,427	40,427	2,140	142,506

Nature of transactions

a) Balance with United Holdings Brazil B.V. refers to a loan agreement, denominated in U.S. dollars (US$100,000), which is charged by an interest rate of 5% a year plus Libor and due date from July 2016 to May 2017.

Amounts due from related parties for trading transactions, recorded in current assets, refer to sales of goods to other group companies; amounts due to related parties, recorded in current liabilities, refer to payables for purchases of inventories goods and services provided from other group companies, as shown in the table above.

The intercompany transactions follow prices and payments terms determined by the Group Board. For trade payables amounts, the average payment term is 270 days (180 days in 2013).

Proposed dividends

During the year ended March 31, 2015, the Company subsidiary UPL do Brasil proposed mandatory minimum dividends in the amount of R$216, recorded as “Related parties” in the current assets.

7.2. Management compensation for year ended March 31, 2015 and 2014 is as follows:

Short-term benefits	March 31, 2015	March 31, 2014
Salaries, fees and charges	5,671	4,075
Healthcare plan	272	222
Total	5,943	4,297

The amount shown above is in conformity with the limits established by the Board of Directors.

The above management compensation amounts do not include social charges such as social security contributions - INSS, FGTS and others.

8. INVESTMENTS

8.1. The main information on investment is as follows:

	March 31, 2015			March 31, 2014		
	United Direct investment	UPL Brasil Direct investment	DVA Tech Indirect investment	United Direct investment	DVA Tech Indirect investment	UPL Brasil Indirect investment
Share capital	295,314	83,962	8	269,498	83,962	8
Shareholders' equity	95,829	249,076	51	254,785	207,231	42
Income for the year	20,387	41,845	(3)	26,083	7,643	(36)
Total assets	335,067	932,817	51	254,864	671,972	43
Total liabilities	239,247	683,741	-	79	464,741	1
Net revenues	769	755,760	-	726	540,336	-
Number of shares	295,314,012	99,867,194	-	269,521,212	99,867,194	-
Number of shares held	295,290,760	46,551,130	-	269,497,960	46,551,130	-
Equity interest percentage	99.99%	46.61%	-	99.99%	46.61%	-

8.2. The change in investment during the period is as follows:

	United			UPL do Brasil	Total
	Cost	Goodwill	Goodwill on related parties transactions	Cost	
Balance as of March 31, 2013	23,412	199,703	-	-	223,115
Transactions during the year ended 2014					
Acquisition of 46.61% investment at UPL do Brasil (a)					
Acquisition of 46.61% investment through capital increase	-	-	-	31,190	31,190
Gain on the above share subscription of subsidiary	-	-	-	15,045	15,045
Gain on bargain purchase	-	-	-	4,504	4,504
Dilution loss (gain) on related parties transaction (b)					
Dilution loss (gain) on related parties transaction	(39,935)	-	-	39,935	-
Dilution gain on subsidiary capital increase	8,522	-	-	-	8,522
Capital increase in subsidiary (c)	37,000	-	-	-	37,000
Equity pick up for the year	26,083	-	-	5,916	31,999
Balance as of March 31, 2014	55,082	199,703	-	96,590	351,375
Transactions during the year ended 2015					
Acquisition of non-controlling interest					
Capital increase in subsidiary	25,590	-	-	-	25,590
Goodwill on acquisition of noncontrolling interest (d)	-	-	(204,939)	-	(204,939)
Equity pick up for the year	20,385	-	-	19,504	39,889
Proposed dividends	-	-	-	(216)	(216)
Balance as of March 31, 2015	101,057	199,703	(204,939)	115,878	211,699

Transactions during the year ended 2014

a) As at March 1, 2014, the Company acquired 46,551,130 shares of UPL Brasil starting its direct investment on share capital by R$31,190. As a result, this transaction generated a gain on share subscription of R$15,045 and a gain on bargain purchase of R$4,504. The gain on share subscription and the gain on bargain purchase were recorded directly in the Company Quotaholders' equity in captions "Share subscription reserve" and "Other comprehensive income", respectively, in accordance with accounting practices adopted in Brazil.

b) As commented in item a) above, the Company acquired shares of UPL Brasil increasing its share capital. As a result, United´s direct investment at UPL Brasil was diluted from previous 51% to 26.39% as of March 31, 2015. This transaction generated a dilution loss with related parties in the amount of R$39,935 at United and a dilution gain at the Company in the same amount plus a dilution gain on subsidiary capital increase in the amount of R$8,522, based on the capital increase that the Company made directly at UPL Brasil.

c) On December 13, 2013, the Company increased the United´s share capital by R$37,000 in cash.

Transactions during the year ended 2015

d) As at March 18, 2015, United acquired remaining non-controlling interest shares from non-controlling shareholders of UPL do Brasil, represented by 26,964,143 shares, increasing its interest from 26.39% as of March 31, 2014 to 53.39% as of March 31, 2015.

This transaction generated a loss on related parties transaction of R$204,939, from the difference between the acquisition cost of non-controlling shares of R$58,463 and the total amount that is required to be paid to previous non-controlling shareholders of R$262,849. The generated goodwill was recorded directly in the Company quotaholders' equity in the caption "Goodwill on acquisition of noncontrolling interest", in accordance with accounting practices adopted in Brazil, considering being a result of related parties' transaction.

8.3. The change in non-controlling interest during the years is as follows:

Non-controlling interest

Equity interest percentage as of March 31, 2015	0%
Equity interest percentage as of March 31, 2014	27%

Change in investment during the period is as follows

Balance as of March 31, 2013	81,975
Capital increase in subsidiary (e)	1,102
Dilution loss on related parties transaction (e)	(35,799)
Dilution gain on subsidiary capital increase (f)	7,617
Net income for the year attributable to non-controlling interest	1,057
Balance as of March 31, 2014	55,952
Net income for the year attributable to non-controlling interest	2,522
Purchase of non-controlling interest, related to 27% of shares (d)	(58,474)
Balance as of March 31, 2015	-

e) As commented in item b) above, the Company acquired shares of UPL Brasil increasing its share capital. As a result, non-controlling shareholders investment at UPL Brasil was diluted from previous 49% to 27% as of March 31, 2014. This transaction generated a dilution loss of R$35,799 for non-controlling shareholders.

f) In addition, the non-controlling shareholders acquired 1,645,630 shares of UPL Brasil and increased its non-controlling interest on share capital by R$1,102. As a result, this transaction generated a gain on share subscription of R$7,617 for non-controlling shareholders.

8.4. Payables to previous shareholders

Transaction as of March 18, 2015

Based on the share purchase agreement, the Group recorded a liability of R$239,149 as of March 31, 2015, represented by i) fixed amount of R$104,749 (equivalent to US$32,653), that will be paid from April 2015 to April 2018 and ii) variable amount of R$134,400 related to earn-out clause that is required to be paid based on some profitability contractual conditions.

The liability of R$104,749 is denominated in U.S. dollars and is adjusted by the exchange rate at the reporting date, as provided in the share purchase agreement.

As of March 31, 2015, the breakdown of payables to previous shareholders is as follow:

Shares acquisition	Agreed amount	Cash disbursement	Consolidated balance as of March 31, 2015
Fixed amount, denominated in U.S dollars	128,449	(23,696)	104,749
Earn-out amount, denominated in Brazilian Reais (c)	134,400	-	134,400
Total amount	262,849	(23,696)	239,149

Recorded as	
Payables to previous shareholders - current portion	23,571
Payables to previous shareholders - noncurrent portion	215,578
Total	239,149

Transaction as of July 24, 2011

During the year ended March 31, 2014, the Group reviewed the share purchase agreement and contractual conditions and paid the amount of R$36,800 (equivalent to US$15,812 thousand) to previous shareholders. The difference between the fair value at the date of payment and the financial liabilities balances at the date of payment in the amount of R$27,435 was recognized as a gain in the statement of operations in caption “Other operating income”, as required by accounting practices adopted in Brazil.

9. PROPERTY, PLANT AND EQUIPMENT

The changes in property, plant and equipment during the period were as follows:

	Consolidated											
Cost	Land	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Computers and peripherals	Leasehold improvements	Communication equipment	Facilities	Property, plant and equipment in progress	Advances to suppliers	Total
Balance at March 31, 2013	5,727	23,703	7,530	3,142	1,381	1,250	400	166	1,376	67	817	45,559
Acquisitions	-	157	24	3,632	109	131	13	9	29	131	-	4,235
Disposals	-	-	-	(786)	-	-	(40)	-	(18)	(51)	-	(895)
Transfers	-	32	(6)	814	6	2	-	1	-	(32)	(817)	-
Balance at March 31, 2014	5,727	23,892	7,548	6,802	1,496	1,383	373	176	1,387	115	-	48,899
Acquisitions	-	1,183	3,616	4,013	148	842	51	29	444	1,651	-	11,977
Disposals	-	-	-	(1,661)	-	(3)	-	-	-	-	-	(1,664)
Transfers	-	-	(22)	-	16	15	-	(15)	40	(34)	-	-
Balance at March 31, 2015	5,727	25,075	11,142	9,154	1,660	2,237	424	190	1,871	1,732	-	59,212
Depreciation												
Balance at March 31, 2013	-	(2,287)	(1,723)	(1,314)	(398)	(794)	(88)	(86)	(571)	-	-	(7,261)
Depreciation for the year	-	(1,807)	(665)	(940)	(173)	(247)	(73)	(20)	(57)	-	-	(3,982)
Disposals	-	-	-	547	-	-	41	-	18	-	-	606
Transfers	-	-	3	-	(2)	(1)	-	-	-	-	-	-
Balance at March 31, 2014	-	(4,094)	(2,385)	(1,707)	(573)	(1,042)	(120)	(106)	(610)	-	-	(10,637)
Depreciation for the year	-	(1,820)	(744)	(1,673)	(192)	(209)	(82)	(15)	(97)	-	-	(4,832)
Disposals	-	-	26	1,067	-	1	-	11	1	-	-	1,106
Balance at March 31, 2015	-	(5,914)	(3,103)	(2,313)	(765)	(1,250)	(202)	(110)	(706)	-	-	(14,363)
Property, plant and equipment, net at March 31, 2014	5,727	19,798	5,163	5,095	923	341	253	70	777	115	-	38,260
Property, plant and equipment, net at March 31, 2015	5,727	19,161	8,039	6,841	895	987	222	80	1,165	1,732	-	44,849
Average depreciation rate - %		4%	10%	20%	10%	20%	4%	20%	4%			

Impairment of property, plant and equipment

In view of the approval of CPC 01, which addresses the impairment of assets, as at March 31, 2015 and 2014 the Group analyzed the recoverability of property, plant and equipment items. The recoverable amount was determined based on the value in use. The Group used projections based on expected future profitability associated to their activities, under the discounted cash flow method, based on the year 2015. No indication of the need to record a provision for impairment of property, plant and equipment was identified.

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Collaterals

As of March 31, 2015, the Company held the amount of R$6,946 related to machinery, equipment and vehicles collateralized under financing and finance leases (R$3,781 as of March 31, 2014).

10. INTANGIBLE ASSETS

		Consolidated				
	Annual amortization rate - %	March 31, 2015				March 31, 2014
		Cost	Accumulated amortization	Impairment	Net	Net
Goodwill (a)		199,703	-	-	199,703	199,703
Trademarks, patents and licenses in use (b)	20%	50,309	(23,261)	-	27,048	36,356
Trademarks, patents and licenses under approval (c)		50,751	-	(3,360)	47,391	32,525
Software licenses	20%	1,494	(1,036)	-	458	611
Total		302,257	(24,297)	(3,360)	274,600	269,195

The changes in intangible assets may be summarized as follows:

	Consolidated	
	March 31, 2015	March 31, 2014
Opening balance, net	269,195	267,338
Additions (c)	14,886	9,282
Disposals	-	(14)
Amortization	(9,481)	(7,411)
Closing balance, net	274,600	269,195

As of March 31, 2015, the Group analyzed the recoverability of intangible assets, including goodwill. The Group used projections based on expected future profitability associated to their activities, under the discounted cash flow method, based on the year 2015. The projected period assumed is ten years and considers as residual value perpetuity calculated based on the cash flow for the last year of the projected period. No indication of the need to record a provision for impairment intangible assets was identified.

(a) Refers to goodwill generated on the acquisition of 51% of UPL Brasil shares on July 25, 2011 by subsidiary United Phosphorus Indústria e Comércio de Produtos Químicos Ltda., as mentioned in note 1.

(b) The subsidiary UPL do Brasil recognized an impairment loss of licenses under of R$3,360 as the fair value provided by an appraisal report prepared by independent appraiser was below the net book value.

(c) Refers to the addition of licenses under approval acquired to increase the UPL do Brasil´s portfolio of products.

11. BORROWINGS AND FINANCING

	Annual finance charges	Final maturity	Consolidated March 31, 2015	Consolidated March 31, 2014
Foreign currency - denominated in US dollars:				
Import financing	Interest of 2.45% to 3,86% p.y	05/13/2015	131,971	63,794
			131,971	63,794
Local currency:				
Discounted trade receivables	11.75% to 13.76 % p.y.	11/10/2015	38,916	73,889
Working capital	CDI + 3.04% p.y.	09/06/2016	2,608	33,815
FINAME	5.50% to 8.70% p.y.	08/15/2019	1,962	2,222
Finance lease	13.44% to 14.13% p.y.	10/20/2017	4,984	1,559
Agribusiness credit right certificates (“CDCA”)	12.23% p.y.	(a)	-	15,595
Farmers bond (“Rural credit”)	5.5% p.y to 6.5% p.y	11/15/2015	4,303	5,452
			52,773	132,532
Total			184,744	196,326
Portion of current liabilities			180,504	182,927
Portion of non-current liabilities			4,240	13,399
			184,744	196,326

CDI - “Bank Deposit Certificates”

IRP - “Index of Saving Adjustments”

a) The Agribusiness credit right certificates (“CDCA”), with final maturity date in November 2015 was antecipated paid by the Group during the year ended March 31, 2015.

Collateral and guarantees

Borrowings and financing are collateralized by receivables, in the proportion of 30% to 100% (100% in 2014) of the financing balance, liens on the financed equipment, and promissory notes signed by the Group’s shareholders.

As mentioned in Note 4, the Company has accounts receivable pledged as collateral for working capital financing, agribusiness credit right certificates and import financing.

Finance lease commitments

The future minimum lease payment in respect to assets under finance lease is as follow:

Finance lease	March 31, 2015	March 31, 2014
Payable no later than 1 year	2,180	710
Payable later than 1 year	2,803	849
Total minimum lease payments	4,983	1,559
(-) Future finance charges	(905)	(247)
Present value of minimum lease payments	4,078	1,312

Contractual obligation

Certain loan agreements are subject to clauses that require the Group to comply with some contractual obligations. As at March 31, 2015, the Group is compliant with all contractual obligations.

As of March 31, 2015, the portion classified in non-current liabilities has the following maturity schedule:

Maturity year:	
2016	2,229
2017	1,449
2018	337
2019	225
Total	4,240

12. TRADE PAYABLES

	March 31, 2015 Consolidated	March 31, 2014 Consolidated
Domestic suppliers	4,928	24,360
Foreign suppliers	226,318	148,387
Present value adjustment	(14,102)	(8,296)
Total	217,144	164,451

Present value adjustment

The adjustment to present value of purchases is recorded under line item “Trade payables” (with a contra entry to line item “Cost of sales”) and its reversal is recorded under line item “Financial income and expenses”, according to maturity. Its calculation takes into account the term of realization of the asset by using a discount rate of approximately 1% a month, which is based on the effective discount rate used by the Group.

Confirming and *foirfaiting* transactions with trade payables

During the year ended March 31, 2015, the Group conducted *confirming* and *forfaiting* transactions with raw material traders and services providers. The balances as of March 31, 2015 in the amount of R$19,301 were present as “Trade payables” since the Group did not held financing obligation as finance interest or repayment clauses.

13. PROVISION FOR LABOR CLAIMS

Probable risks

As of March 31, 2015 the Group recognized a provision for labor claims in the amount of R$1,565 (R$4,313 as of March 31, 2014) related to social security lawsuits in which they are the defendants and for which the likelihood of loss is considered probable by its legal counsel. During year ended March 31, 2015 Group reverted reserve for labor claims of R$2,748 based on the opinion of its legal counsel.

Possible risks

The Group is part to various lawsuits that are at administrative or judicial level or in their initial stages, involving labor, tax and civil matters. The Group contest in court all claims and, based on the assessment of their legal counsel, record a provision when the risk of loss is considered probable. The reserve recorded as of March 31, 2015 and 2014 refer to labor lawsuits in which the Group is the defendants, involving mainly secondary liability of outsourced companies.

The Group is part to tax and civil lawsuits involving approximately R$5,368 as of March 31, 2015 for which the assessment made by their legal counsel classifies the likelihood of loss as possible, reason why no provision was recorded by Management in the financial statements.

In addition, during the year ended March 31, 2014 the Group settled a claim with the State of São Paulo by applying to the special regime related to VAT taxes. The original amount including interest and penalty was R$19,437 and it was settled by R$9,936, which generated a discount of R$9,501. The original amount plus penalty with discount in the amount of R$6,300 was recognized as “Operating expenses” caption and the interest with discount in the amount of R$3,636 was recognized as “Finance expenses” caption. Such claim was assessed as a possible loss as of March 31, 2013, however Management decided to settle it considering the costs to continue the efforts to discuss the matter and the opportunity to settle it with a discount.

Pursuant to prevailing legislation, the Group’ operations are open for review by tax authorities for a period of 5 years with respect to federal taxes (income tax, social contribution, PIS, COFINS and IPI) and state tax (ICMS). As a result of these reviews, transactions and payments may be challenged and the identified amounts may be subject to fines, interest and inflation adjustment.

The Group’ management, based on the opinion of its legal counsel, understands that there are no significant risks that are not covered by sufficient provisions in the financial statements or that might have a significant impact on the Group’s and subsidiaries’ future results.

14. INCOME TAX AND SOCIAL CONTRIBUTION

The reconciliation of the tax effect on loss before income tax and social contribution as of March 31, 2015 and 2014 is as follows:

	March 31, 2015		March 31, 2014	
	Company	Consolidated	Company	Consolidated
Income (loss) before income tax and social contribution	(86,829)	(54,651)	18,554	21,960
Nominal rate - income tax and social contribution	34%	34%	34%	34%
	29,522	18,581	(6,308)	(7,466)
Reconciliation to effective rate:				
Equity pick up	13,562	-	10,880	-
Thin capitalization	(2,423)	(2,423)	(4,696)	(4,696)
Exchange variation	(22,497)	(22,497)	-	-
Compensation of tax loss carryforwards	-	-	822	822
Transfer pricing	-	(157)	-	(261)
Deductible allowance for doubtful account	-	-	-	4,595
Other permanent differences	-	(3,086)	(2,608)	2,747
Allowance for non-recoverable deferred income tax	(18,164)	(18,164)	-	-
Income tax and social contribution - current and deferred	1,910	(27,746)	(1,910)	(4,259)

Breakdown of deferred income tax

As at March 31, 2015 and 2014, the Group recognized deferred income tax and social contribution on tax loss carryforwards, temporary differences and adjustments arising from the adoption of new accounting policies, as follows:

	Consolidated March 31, 2015	Consolidated March 31, 2014
Temporary differences on tax credits:		
Tax loss carryforwards	-	9,745
Reserve for labor claims	1,565	4,313
Allowance for doubtful trade accounts receivable	58,860	60,905
Adjustment to present value	30,841	17,589
Provision for service providers	11,035	5,499
Reserve for net realizable value of inventories	3,269	3,666
Impairment of intangible assets	3,360	3,559
Impairment of recoverable taxes	797	508
Exchange variation not incurred in cash basis	44,871	-
Others temporary differences	5,551	2,431
Tax base	160,149	108,215
Statutory rate	34%	34%
Deferred income tax and social contribution - tax credits	54,451	36,793
Temporary differences on tax debits:		
Derivative financial instruments at the fair value	36,348	-
Adjustment to present value on trade payables	14,102	8,295
Others temporary differences	276	278
Tax base	50,726	8,573
Statutory rate	34%	34%
Deferred income tax and social contribution - tax debits	17,247	2,915
Deferred income tax and social contribution asset - net balance	37,204	33,878
Effect on the statement of operations for the year	3,326	

The Group (Consolidated), based on projections of future taxable profits approved by Management, recognized deferred income tax and social contribution on temporarily taxable and non-deductible differences of UPL Brasil, which can be carried forward indefinitely.

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 income will be available to allow all or part of the asset to be recovered.

Based on these projections of future taxable profits, the Group estimate to realize the deferred income tax and social contribution as follows:

	Asset Consolidated March 31, 2015
2015	12,341
2016	3,437
2017 and thereafter	21,426
Total	37,204

Company

As of March 31, 2015, accumulated tax loss carryforwards amount to R$112,102 (R$64,342 in 2014). Pursuant to the prevailing legislation, tax loss carryforwards may be offset up to the limit of 30% of taxable income for each year, which can be carried forward indefinitely.

The Company´s management stated that, by March 31, 2015, there was uncertainty surrounding the existence of future taxable income deemed sufficient to realize such tax credits and did not recognize credits of deferred income tax and social contribution assets in the approximate amount of R$38,115 as of March 31, 2015 (R$21,876 in 2014).

Changes in the current income tax legislation

The Group opted for the Transitional Tax Regime ("RTT") created by Provisional Measure 449/08, subsequently converted into Law 11941/09, under which income tax and social contribution on net income continue to be determined by using the same accounting methods and criteria in effect as of December 31, 2007. When applicable, deferred income tax and social contribution calculated on the adjustments arising from the adoption of the new accounting practices introduced by Law 11638/07 and Law 11941/09 were recorded in the Group's financial statements.

As at May 4, 2014 Provisional Measure 627, later converted into Law 12937/2014, was enacted, introducing changes in the tax rules and eliminating the Transition Tax System (RTT) and the Group Management did not to opt for the early adoption and, as result, did not recognized any tax effects in the financial statements for the year then ended.

The Group, supported by its legal counsel, analyzed the potential impacts on the financial statements for the year ended March 31, 2015 and understands that there are no material effects to be recognized for the year ended.

15. QUOTAHOLDERS' DEFICIT

Share capital

The Company's share capital of R$149,743 as of March 31, 2015 (R$121,042 as of March 31, 2014), represented by 149,742,664 (by 79,033,960 as of March 31, 2014) common shares, subscribed in cash by its only controlling shareholder United Phosphorus Holdings Brazil B.V.

During year ended March 31, 2015 the Company' controlling shareholder increased the Company´s share capital by R$28,701 in cash (During year ended March 31, 2014 the Company' controlling shareholder increased the Company´s share capital by R$42,008 in cash).

Goodwill on acquisition of noncontrolling interest

As mentioned in Note 8, during the year ended March 31, 2015, the Company subsidiary United increased their direct interest in UPL do Brasil from 26.39% as of March 31, 2014 to 53.39% as of March 31, 2015. This transaction generated a goodwill on related parties transaction of R$204,939, from the difference between the acquisition cost of non-controlling shares of R$58,463 and the total amount that is required to be paid to previous non-controlling shareholders of R$263,404, recorded directly in the Company quotaholders' equity.

16. FINANCIAL INSTRUMENTS AND OPERATING RISKS

Financial assets and liabilities are stated in the financial statements at cost, plus income earned and less expenses incurred through the end of the reporting period, which approximate the fair values for transactions with similar nature and risks.

The main market risk factors that affect the Group's and its subsidiaries' businesses are as follows:

- Credit risk: arises from the possibility of the Group not receiving amounts arising from sales. To mitigate this risk, the Group performs a detailed analysis of the financial position of their customers, establishing an ongoing monitoring of the debt balance of their counterparties.

- Price risk of products sold or manufactured or inputs acquired: arises from the possibility of fluctuations in the market prices of products sold or manufactured by the Group and other inputs used in the production process. These price fluctuations may cause substantial changes in the Company and subsidiaries' revenues and costs. In order to mitigate these risks, the Group performs an ongoing monitoring of local and foreign markets, seeking to anticipate any price changes.

- Interest rate risk: this risk arises from the possibility of the Group incurring losses because of fluctuations in interest rates that increase the financial expenses related to borrowings and financing. Borrowings are controlled in terms of exposure and contracted rates, considering their nature, to avoid exposing the Group to excessive risks.

- Exchange rate risk: this risk arises from the possibility of the Group incurring losses or cash constraints due to fluctuations in exchange rates, affecting the balance of foreign currency-denominated assets (or liabilities).

Derivative financial instruments

As mentioned above, during the year ended March 31, 2015 the Company contracted derivatives to reduce its liabilities exposure to exchange variation, mainly U.S. dollars. As a result of the hedges acquired to reduce such exposures, during the year ended March 31, 2015 the Company recorded the amount of R$78,885 of gains in hedging transactions which is recorded in financial income and expenses captions in the statement of income. Since the related instrument is combined for receivables, payables and borrowing and financing, the Company's management has allocated the aforesaid gain in hedging transaction in the proportion of their respective average balances during the year ended March 31, 2015 as follow:

Balances denominated in foreign currency - U.S dollars	Average balance during the year ended March 31, 2015	Balance as of March 31, 2015	Hedge gain (loss)
	R$	R$	R$
Operating activities			
Trade account receivables	(279,638)	(314,545)	41,055
Trade payables	245,791	231,348	
Related parties (liabilitiies)	220,978	222,981	
Operating exposure - liabilities	187,131	139,784	
Financing activities			
Borrowing and financing	136,988	133,140	37,830
Financing exposure - liabilities	136,988	133,140	
Net exposure - liabilities	324,119	272,924	78,885

The average balances and balances as of March 31, 2015 for each caption refer to the Brazilian Real amounts of assets and liabilities denominated in U.S. dollars currency.

As of March 31, 2015, the position of derivative financial instruments and the adjustment at the fair value recorded in the balance sheet is as follow:

Transaction	Maturity	Position	Fixed rate	Notional amount	Fair value	Adjustment
March 31, 2015						
NDF - U.S. dollar	6/25/2015	Long	2.4370	22,244	29,371	7,488
NDF - U.S. dollar	4/02/2015	Long	2.8939	21,434	23,738	2,305
NDF - U.S. dollar	4/02/2015	Long	2.8894	21,670	24,018	2,348
NDF - U.S. dollar	4/02/2015	Long	2.8938	27,491	30,478	2,987
NDF - U.S. dollar	4/02/2015	Long	3.1557	3,162	3,215	53
NDF - U.S. dollar	4/02/2015	Long	2.8940	27,493	30,059	2,566
NDF - U.S. dollar	5/05/2015	Long	2.7602	110,408	129,010	18,601
Total				233,902	269,889	36,348

As of March 31, 2014, the position of derivative financial instruments and the adjustment at the fair value recorded in the balance sheet is as follow:

Transaction	Maturity	Position	Fixed rate	Notional amount	Fair value	Adjustment
March 31, 2014						
NDF - U.S. dollar	4/25/2014	Long	2.4176	4,439	4,189	(250)
NDF - U.S. dollar	6/30/2014	Short	2.4259	745	782	37
NDF - U.S. dollar	6/16/2014	Long	2.4483	4,512	4,264	(248)
NDF - U.S. dollar	9/07/2014	Long	2.4595	8,512	8,063	(449)
Total				18,208	17,298	(910)

Sensitivity analysis of the financial instruments

a. Interest rate risk:

The analysis is made considering the changes in the related interest rates: what would be the impact of the changes in interest rates on profit or loss under different scenarios. The table below summarizes all the Group's positions impacted by the changes in interest rates.

Description	Notional amount	Impact in a probable scenario		Impact in a possible scenario		Impact in a remote scenario	
	R$	10%	-10%	25%	-25%	50%	-50%
March 31, 2015							
Borrowings with floating interest rate, without hedge	2,583	(258)	258	(646)	646	(1,292)	1,292
Investments with floating interest rate, without hedge	33,995	3,400	(3,400)	8,499	(8,499)	16,998	(16,998)
Impact on operating profit or loss		3,142	(3,142)	7,853	(7,853)	15,706	(15,706)

In the scenario above, the interest rate was combined in two manners under three scenarios: probable, possible and remote. For these scenarios, the changes shown above were presumed (e.g.: +/- 25% of the interest rate in the probable scenario), based on observations of the current market conditions. All other variables of the amounts above were kept constant.

Below are the main assumptions for the analysis:

- Borrowings with floating interest rate, without hedge.
- Investments with floating interest rate, without hedge.

The interest rates were compared with the LIBOR, CDI and TJLP.

b. Exchange variation risk:

The analysis is made considering the changes in the related exchange rates: what would be the impact of the changes in exchange rates on profit or loss or on equity under different scenarios.

Description	Notional amount	Impact in a probable scenario		Impact in a possible scenario		Impact in a remote scenario	
	US$	10%	-10%	20%	-20%	30%	-30%
March 31, 2015							
Reference exchange rate - US$	3.2080	3.5288	2.8872	3.8496	2.5664	4.1704	2.2456
Borrowing and financing in foreign currency	40,381	(12,954)	12,954	(25,908)	25,908	(38,862)	38,862
Financial liabilities in foreign currency	126,219	(40,491)	40,491	(80,982)	80,982	(121,473)	121,473
Financial assets in foreign currency	139,034	44,602	(44,602)	89,204	(89,204)	133,806	(133,806)
Impact on operating profit or loss		(8,843)	8,843	(17,686)	17,686	(26,529)	26,529

All balance sheet balances were included in the analysis above, the impact on the fair value of the derivative instruments of commodities that are denominated in U.S. dollar, were presented in liabilities of the financial statements.

The table above shows the sensitivity of the Group's operating profit or loss and equity to possible changes in the currency parity.

The currency parity included in the analysis is the U.S. dollar against the real.

Each parity was combined in two manners, under three scenarios: probable, possible and remote. For these scenarios, the changes shown above were presumed (e.g.: +/- 10% in the probable scenario), based on observations of the current market conditions. All other variables were kept constant.

Below are the main assumptions for the analysis:

- Net value of financial assets and liabilities in foreign currency.
- Receivables and payables in foreign currency.
- The fair value of derivative instruments of commodities denominated in foreign currency.
- The fair value of derivative instruments of exchange rate.

The impacts of these possible changes are stated in the operating profit or loss for each item.

c. Financial instruments by category

The main financial assets and financial liabilities, Company and Consolidated, are show below:

Financial assets	March 31, 2015 Consolidated	March 31, 2014 Consolidated
Loans and receivables:		
Cash and cash equivalents	37,120	25,122
Trade accounts receivable - current	617,354	388,590
Trade accounts receivable - noncurrent	3,030	7,709
Related parties receivable - current	2,829	478
Derivative financial instruments:		
Derivative financial instruments - current	36,348	-

Financial liabilities	March 31, 2015 Consolidated	March 31, 2014 Consolidated
Financial liabilities to amortized cost:		
Borrowings and financing - current	180,504	182,927
Trade payables - current	217,144	164,451
Related parties payables - current	222,981	79,170
Payables to previous shareholders - current	23,571	-
Other payables	16,620	8,328
Borrowings and financing - noncurrent	4,240	13,399
Loan payable to related parties - noncurrent	386,722	260,544
Payables to previous shareholders - noncurrent	215,578	-
Derivative financial instruments:		
Derivative financial instruments - current	-	1,356

The measurement method used for calculating the fair value of financial assets and liabilities was the discounted cash flow with the ANBID benchmark index, considering the expected settlement or realization of assets and liabilities and the market rates prevailing at the information cut-off dates.

d. Liquidity risk management

The Group's Management has ultimate responsibility for the management of the liquidity risk and has prepared an appropriate liquidity risk management model to manage funding requirements and short, medium - and long-term liquidity management. The Group manages the liquidity risk through the continuous monitoring of estimated and actual cash flows, the combination of the maturity profiles of financial assets and liabilities and the maintenance of a close relationship with financial institutions, with regular disclosure of information to support credit decisions when external funds are necessary.

The table below details the remaining contractual maturity of the Group's financial liabilities and the contractual amortization as of March 31, 2015:

	3 months to 1 year	From 1 to 2 years	From 2 to 3 years	From 3 to 5 years	Total undiscounted cash flows	Carrying amount at March 31, 2015
Borrowing and financing	182,985	4,709	-	141	187,835	184,744
Trade payables	217,071	73	-	-	217,144	217,144
Related parties payables	222,981	-	-	-	222,981	222,981
Other payables	16,615	-	-	-	16,615	16,615
Related parties loan payables	-	212,697	212,697	-	425,394	386,722
Payables to previous shareholders	-	23,571	81,178	134,400	239,149	239,149

17. NET REVENUES

	Consolidated March 31, 2015	Consolidated March 31, 2014
Sales revenue	878,384	641,871
Returns and rebates	(37,940)	(42,083)
Present value adjustment	(21,558)	(44,282)
Taxes on sales	(63,126)	(15,170)
Total	755,760	540,336

18. OPERATING COSTS AND EXPENSES BY NATURE

	March 31, 2015		March 31, 2014	
Costs and expenses by nature	Company	Consolidated	Company	Consolidated
Raw materials and consumables used	-	557,071	-	411,741
Salaries, charges and benefits	-	60,164	-	42,343
Freight	-	3,388	-	6,120
Services from third parties	439	16,552	13	12,332
Materials for use and consumption	-	4,348	-	3,967
Depreciation and amortization	-	14,313	-	11,393
Travel and lodging	-	7,341	-	4,823
Warehouse	-	4,213	-	2,646
Rental	-	2,110	-	2,125
Cost of discarded packaging´s	-	1,635	-	1,390
Inventory adjustment	-	(397)	-	412
Tax retention and other fees	-	589	2,775	4,221
Tax claim on ICMS VAT	-	-	-	6,300
Allowance for doubtful accounts	-	13,853	-	24,410
Present value adjustment of trade payables	-	(41,077)	-	(28,053)
Written-off of advances to trade payables	-	649	-	-
Other costs and expenses	-	10,986	300	7,601
Total of costs and operating expenses	439	655,748	3,088	513,771
Exchange variation on trade receivables and payables				
Exchange rate variation on trade receivables	-	(18,989)	-	(13,408)
Exchange rate variation on trade payables	-	70,787	-	17,707
Total of exchange variation on trade receivables and payables	-	51,798	-	4,299
Total of cost and operating expenses, including exchange variation	439	707,546	3,088	518,070
Classified as:				
Cost of sales	-	520,536	-	385,879
Selling expenses	-	44,787	-	51,619
General and administrative expenses	439	90,425	3,088	76,273
Exchange rate variation on trade receivables and payables	-	51,798	-	4,299
	439	707,546	3,088	518,070

19. FINANCE INCOME AND EXPENSES

	March 31, 2015		March 31, 2014	
	Company	Consolidated	Company	Consolidated
Finance income:				
Discounts obtained	-	290	-	305
Yield from investments	-	3,212	70	2,569
Present value adjustment of trade account receivables	-	49,874	-	39,199
Gain on derivative financial instruments, realized contracts	-	42,537	-	-
Gain on derivative financial instruments, non realized contracts	-	36,348	-	-
Exchange variation on liabilities	-	558	-	-
Other finance income	-	3,779	-	-
	-	136,598	70	42,073
Finance expenses:				
Loss on financial instruments	-	-	-	(278)
Cash discount	-	(159)	-	(498)
Discounts granted and other exchange variation effect		(11,562)	-	(6,344)
Interest on borrowings and financing	(13,562)	(28,697)	(12,432)	(30,384)
Present value adjustment of trade payables	-	(35,268)	-	(22,680)
Interest on remisse trade receivables	-	(5,080)	-	(1,579)
Exchange variation on liabilities	-	-	-	(2,243)
Other financial expenses	(101)	(1,057)	-	(1,080)
	(13,663)	(81,823)	(12,432)	(65,086)
Exchange rate variation on borrowing and financing	(112,616)	(152,555)	(27,995)	(31,174)

20. OTHER OPERATING INCOME (EXPENSES), NET

	March 31, 2015		March 31, 2014	
	Company	Consolidated	Company	Consolidated
Gain on indemnity paid by previous shareholders (a)	-	-	30,000	30,000
Gain on fair value of financial liabilities (b)	-	-	-	27,435
Other expenses (income), net	-	(5,085)	-	(4,414)
Total	-	(5,085)	30,000	53,881

(a) During the year ended March 31, 2014 the Company's shareholders reviewed the share purchase agreement and contractual conditions and received an indemnity from UPL do Brasil' previous shareholders of R$30,000 in cash.

(b) Refers to gain on fair value of financial liabilities - payables to previous shareholders, as described in note 7.

21. TRANSACTIONS NOT AFFECTING CASH

Changes in equity not affecting the Group's cash flows are as follows:

	Consolidated
	March 31, 2014
Purchases of property, plant and equipment with financing leasing	1,475

22. EMPLOYEE BENEFITS

The Group offers to its employee's health care benefits, dental reimbursement, life insurance, meal ticket, transportation voucher, among others. The expense on such benefits, recorded during the year ended March 31, 2015 was R$3,300 (R$2,487 for the year ended March 31, 2014).

23. INSURANCE (CONSOLIDATED)

The Group has insurance contracts for operational risks, vehicles, civil liability - property damage, bodily injury and general civil liability. The coverage of these insurance contracts is determined by specialists, in amounts considered by Management sufficient to cover eventual risks on its assets and/or liabilities. As at March 31, 2015, insurance coverage is as follows:

Coverage	Effective period	Coverage amount
Plant		
Fire, including fire caused by riot, strikes, aircraft crashes, lightning and explosions of any nature	2/10/2014 to 2/10/2015 extended until 4/11/2015	70,000
Electrical damages		200
Windstorm, hurricane, cyclone, tornado, hail and smoke		2,000
Falling Aircraft or any other gadgets Aereos		3,000
Impact of land vehicles		3,000
Robbery and theft		1,000
Riots, strikes e lock out		400
Deterioration of products in refrigerated environments		510
Stationary equipment in the facilities		800
Recovery of records and documents		100
Fixed expenses		1,956
Internal Moving		3,000
Others		610
Office		
Fire	12/19/2014 to 12/19/2015	8,000
Electrical damages		200
Recovery of records and documents		500
Fixed expenses		400
Electronic equipment		250
Equipment/Portable objects		20
Loss/ Rent		801
Breaking windows/mirrors		100
Robbery and theft		300
Windstorm, hurricane, cyclone, tornado, hail and smoke		1,000
Civil liability of Management	4/11/2014 to 4/11/2015	20,000

Coverage	Effective period	Coverage amount
Civil liability		
Civil liability of Employer Civil Liability Fairs and Exhibitions Civil Liability Robbery / Theft Third Party Goods Contingent Liability Vehicles and Transport Employees Liability Products in the National Territory Liability Products Abroad Civil Liability for Project Error in Brazil and abroad	5/11/2014 to 5/11/2015	15,000
Liability Vehicle Guard		1,000
Moral damage		3,000
International transport insurance	8/14/2014 to 8/14/2015	100% of value imported
Vehicles Insurance	12/10/2014 to 12/10/2015	100% of vehicles

24. NET PRESENT VALUE ADJUSTMENT (CONSOLIDATED)

As required by its Parent Company, in order for them to follow Indian accounting practices ("Indian GAAP"), the following are the adjustments that could be made if the net present value needs to be reversed for the purposes of Indian GAAP:

Closing balance sheet entry (March 31, 2013):	
Dr. Trade accounts receivable	12,506
Cr. Retained earnings	10,228
Cr. Net effect on profit and loss	645
Cr. Trade payables	2,923
Current period entry (April 1, 2013 to February 28, 2014):	
Dr. Trade accounts receivable	6,636
Cr. Trade payables	5,588
Dr. Cost of sales	26,527
Dr. Finance income	33,805
Cr. Net revenues	40,441
Cr. Finance expenses	20,939
Closing balance sheet entry (February 28, 2014):	
Dr. Trade accounts receivable	19,143
Cr. Retained earnings	9,584
Cr. Net effect on profit and loss	1,048
Cr. Trade payables	8,511

Current period entry (March 1, 2014 to March 31, 2014):

Cr. Trade accounts receivable	1,553
Dr. Trade payables	215
Dr. Cost of sales	1,525
Dr. Finance income	5,394
Cr. Net revenues	3,840
Cr. Finance expenses	1,741

Closing balance sheet entry (March 31, 2014):

Dr. Trade accounts receivable	17,589
Cr. Retained earnings	9,584
Dr. Net effect on profit and loss	291
Cr. Trade payables	8,296

Current period entry (April 1, 2014 to March 31, 2015):

Dr. Trade accounts receivable	13,252
Cr. Trade payables	5,807
Dr. Cost of sales	41,075
Dr. Finance income	49,874
Cr. Net revenues	63,126
Cr. Finance expenses	35,268

Closing balance sheet entry (March 31, 2015):

Dr. Trade accounts receivable	30,841
Cr. Retained earnings	9,293
Cr. Net effect on profit and loss	7,446
Cr. Trade payables	14,102

25. APPROVAL OF FINANCIAL STATEMENTS

The individual and consolidated financial statements for the year ended March 31, 2015 were approved by the shareholders and authorized for issue on April 15, 2015.