UPL Philippines, Inc.
(Formerly United Phosphorus Corp.)
(A Wholly Owned Subsidiary of United Phosphorus Holdings B.V.)

Financial Statements
March 31, 2015
(With Comparative Figures for 2014)

Lota L. Gito
Certified Public Accountant
Ecoland, Matina, Davao City
Tel. No. 299-1953

The Stockholders and the Board of Directors
UPL Philippines, Inc.

I have audited the accompanying financial statements of UPL Philippines, Inc. (Formerly United Phosphorus, Corp.) (a wholly owned subsidiary of United Phosphorus Holdings B.V.), which comprise the statement of financial position as of March 31, 2015 and the statement of comprehensive income, statement of changes in stockholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Philippine Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

In my opinion, the financial statements present fairly, in all material respects, the financial position of UPL Philippines, Inc. as of March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards.

Lota N. Gito
CPA Certificate No. 45708
BOA Registration No. 1638
BIR Registration No. 19-002411-001-2015; Valid until March 30, 2018
Tax Identification No. 101-147-318
PTR No. 5389397; Issued January 28, 2015 Davao City

April 10, 2015
Davao City

REPORT OF INDEPENDENT PUBLIC ACCOUNTANT
TO ACCOMPANY INCOME TAX RETURN

The Stockholders and the Board of Directors
UPL Philippines, Inc.
Unit 7, 3rd Floor, Metro Lifestyle Complex
Corner F. Torres Street and E. Jacinto Extension
Davao City

I have audited the accompanying financial statements of UPL Philippines, Inc. (Formerly United Phosphorus, Corp.) (a wholly owned subsidiary of United Phosphorus Holdings B.V.) as at and for the year ended March 31, 2015, on which I have rendered our report dated April 10, 2015.

In compliance with Revenue Regulations V-20, I am stating that I am not related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

Lota L. Gito
CPA Certificate No. 45708
BOA Registration No. 1638
BIR Registration No. 19-002411-001-2015; Valid until March 30, 2018
Tax Identification No. 101-147-318
PTR No. 5389397; Issued January 28, 2015 Davao City

April 10, 2015
Davao City

REPORT OF INDEPENDENT PUBLIC ACCOUNTANT TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Stockholders and the Board of Directors
UPL Philippines, Inc.
Unit 7, 3rd Floor, Metro Lifestyle Complex
Corner F. Torres Street and E. Jacinto Extension
Davao City

I have audited the accompanying financial statements of UPL Philippines, Inc. (Formerly United Phosphorus, Corp.) (a wholly owned subsidiary of United Phosphorus Holdings B.V.) as at and for the year ended March 31, 2015, on which we have rendered our report dated April 10, 2015.

In compliance with Securities Regulation Code Rule 68, I am stating that the Company has a total number of one stockholders owning 100 or more shares each.

Lota L. Gito
CPA Certificate No. 45708
BOA Registration No. 1638;
BIR Registration No. 19-002411-001-2015; Valid until March 30, 2018
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April 10, 2015
Davao City

UPL PHILIPPINES, INC.
(Formerly United Phosphorus Corp.)
(A Wholly Owned Subsidiary of United Phosphorus Holdings B.V.)

STATEMENT OF FINANCIAL POSITION

(With Comparative Figures for 2014)

	March 31	
	2015	2014
ASSETS		
Current Assets		
Cash	**₱1,829,709**	₱1,559,378
Trade and other receivables (see Note 5)	**113,214,750**	63,016,653
Merchandise inventory (see Note 6)	**18,321,128**	21,346,324
Prepayments and other current assets (see Note 7)	**4,917,571**	113,800
Total Current Assets	**138,283,158**	86,036,155
Non-Current Assets		
Property and equipment (see Note 8)	**403,101**	182,755
Deferred income tax asset (see Note 14)	**–**	55,922
Total Non-Current Assets	**403,101**	238,677
TOTAL ASSETS	**₱138,686,259**	₱86,274,832
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (see Note 10)	**₱123,516,661**	₱74,811,254
Income tax payable	**–**	592,221
Total Current Liabilities	**123,516,661**	75,403,475
Non-Current Liabilities		
Deferred income tax liability (see Note 14)	**77,754**	–
Equity		
Capital stock	**8,600,000**	8,600,000
Retained earnings	**6,491,844**	2,271,357
Total Equity	**15,091,844**	10,871,357
TOTAL LIABILITIES AND EQUITY	**₱138,686,259**	₱86,274,832

The Accompanying Notes to Financial Statements is an Integral Part of The Financial Statements.

UPL PHILIPPINES, INC.
(Formerly United Phosphorus Corp.)
(A Wholly Owned Subsidiary of United Phosphorus Holdings B.V.)

STATEMENT OF COMPREHENSIVE INCOME
(With Comparative Figures for 2014)

	Years Ended March 31	
	2015	2014
SALES	**₱213,715,401**	₱91,717,742
COST OF SALES (see Note 11)	**(188,131,077)**	(78,119,208)
GROSS PROFIT	**25,584,324**	13,598,534
General and administrative expenses (see Note 12)	**(21,104,040)**	(10,006,578)
Commission	**1,239,502**	902,289
Foreign exchange gain (loss) - net	**272,264**	(806,145)
Interest income	**26,052**	14,370
INCOME BEFORE INCOME TAX	**6,018,102**	3,702,470
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current	**1,663,939**	1,007,746
Deferred	**133,676**	(55,922)
	1,797,615	951,824
TOTAL COMPREHENSIVE INCOME	**₱4,220,487**	₱2,750,646

The Accompanying Notes to Financial Statements is an Integral Part of The Financial Statements.

UPL PHILIPPINES, INC.
(Formerly United Phosphorus Corp.)
(A Wholly Owned Subsidiary of United Phosphorus Holdings B.V.)

STATEMENT OF CHANGES IN EQUITY
(With Comparative Figures for 2014)

	Years Ended March 31	
	2015	2014
CAPITAL STOCK - ₱100 par value		
Authorized - 200,000 shares		
Issued - 86,000 shares	**₱8,600,000**	₱8,600,000
RETAINED EARNINGS		
Balance at April 1	**2,271,357**	(479,289)
Total comprehensive income	**4,220,487**	2,750,646
Balance at March 31	**6,491,844**	2,271,357
	₱15,091,844	₱10,871,357

The Accompanying Notes to Financial Statements is an Integral Part of The Financial Statements.

UPL PHILIPPINES, INC.
(Formerly United Phosphorus Corp.)
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STATEMENT OF CASH FLOWS
(With Comparative Figures for 2014)

	Years Ended March 31	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱6,018,102**	₱3,702,470
Adjustments for:		
Depreciation (see Note 8)	**86,872**	31,359
Unrealized foreign exchange gain	**(3,170)**	(4,431)
Interest income	**(26,052)**	(14,370)
Operating income before working capital changes	**6,075,752**	3,715,028
Decrease (increase) in:		
Trade and other receivables	**(50,198,097)**	(56,173,084)
Merchandise inventory	**3,025,196**	(6,655,057)
Prepayments and other current assets	**(5,395,991)**	2,508,821
Increase in trade and other payables	**48,705,407**	54,604,112
Net cash generated from (used in) operations	**2,212,267**	(2,000,180)
Income tax paid	**(1,663,940)**	(415,525)
Interest received	**26,052**	14,370
Net cash flows from (used in) operating activities	**574,379**	(2,401,335)
CASH FLOWS FROM INVESTING ACTIVITY		
Acquisitions of property and equipment (see Note 8)	**(307,218)**	(93,563)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**3,170**	4,431
NET INCREASE (DECREASE) IN CASH	**270,331**	(2,490,467)
CASH AT BEGINNING OF YEAR	**1,559,378**	4,049,845
CASH AT END OF YEAR	**₱1,829,709**	₱1,559,378

The Accompanying Notes to Financial Statements is an Integral Part of The Financial Statements.

1. Corporate Information

UPL Philippines, Inc. (the Company) was incorporated in the Philippines on February 6, 2012 and is engaged in manufacturing, production, trading, export, import and distribution of any and all types of agricultural and agrochemical products and by-products. The registered office address of the Company is at Unit 7, 3rd Floor, Metro Lifestyle Complex, corner F. Torres Street and E. Jacinto Extension, Davao City.

The Company is a wholly owned subsidiary of United Phosphorus Holdings B.V. (parent company), a company registered in the Netherlands.

On January 30, 2013, the Board of Directors (BOD) amended the Company's Articles of Incorporation to change the Company's year end from December 31 to March 31 of each year. On May 22, 2013, the amended articles were approved by the Securities and Exchange Commission (SEC).

On May 9, 2014, the BOD amended the Company's Articles of Incorporation to change the Company's name from "United Phosphorus Corp." to "UPL Philippines, Inc.". On June 23, 2014, the amended articles were approved by SEC.

The financial statements were authorized for issue by the BOD on April 10, 2015.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation
The financial statements of the Company have been prepared on the historical cost basis and are presented in Philippine peso, the Company's functional currency.

Statement of Compliance
The financial statements have been prepared in compliance with the Philippine Financial Reporting Standards (PFRS).

PFRS includes Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC), issued by the Philippine Financial Reporting Standards Council (FRSC) and adopted by the SEC, including SEC pronouncements.

3. Summary of Significant and Future Changes in Accounting Policies

Adoption of New and Revised PFRS
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS and Philippine Interpretation from IFRIC which the Company adopted effective January 1, 2014:

- Amendments to PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities.*

- Amendments to PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets*

- Amendments to PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting*

- Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities* and PAS 27, *Separate Financial Statements - Investment Entities*

- Philippine Interpretation IFRIC 21, *Levies*

The adoption of the foregoing new and revised PFRS did not have any material effect on the financial statements. Additional disclosures have been included in the notes to financial statements, as applicable.

New and Revised PFRS Not Yet Adopted
Relevant new and revised PFRS which are not yet effective for the year ended December 31, 2014 and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after July 1, 2014:

- Amendment to PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation* - The amendment clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways: (a) the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses; or (b) the accumulated depreciation is eliminated against the gross carrying amount of the asset.

- Amendments to PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions* - The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the remeasurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans.

- Amendments to PAS 24, *Related Party Disclosures - Key Management Personnel* - The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity.

- Amendments to PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization* - The amendments clarify that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways: (a) the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses; or (b) the accumulated amortization is eliminated against the gross carrying amount of the asset.

  The amendments also clarify that the amount of the adjustment of the accumulated amortization should form part of the increase or decrease in the carrying amount accounted for in accordance with PAS 38.

- Amendment to PAS 40, *Investment Property - Clarifying the Interrelationship between PFRS 3, Business Combination and PAS 40 when Classifying Property as Investment Property or Owner-occupied Property* - The amendment clarifies that determining whether a specific transaction meets the definition of both a business combination and investment property requires the separate application of PAS 40 and PFRS 3, *Business Combination.*

- Amendment to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Meaning of Effective PFRSs* - This amendment clarifies the meaning of 'each PFRS effective at the end of an entity's first PFRS reporting period' as used in PFRS 1. Consequently, if a first-time adopter chooses to early apply a new PFRS, that new PFRS will be applied throughout all the periods presented in its first PFRS financial statements on a retrospective basis, unless PFRS 1 provides an exemption or an exception that permits or requires otherwise.

- Amendment to PFRS 2, *Share-based Payment - Definition of Vesting Condition* - This amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition').

- Amendments to PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination and Scope Exceptions for Joint Ventures* - The amendments require that the contingent consideration that is classified as an asset or liability is measured at fair value at each reporting date and changes in fair value are recognized in profit or loss, including contingent considerations that are classified as financial instruments.

  The amendments also clarify that the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself is excluded in the scope of PFRS 3.

- Amendments to PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets* - The amendments require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker.

- Amendments to PFRS 13, *Fair Value Measurement - Short-term Receivables and Payables and Portfolio Exception* - The amendments clarify that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial.

  It also clarifies that the scope of the portfolio exception includes all contracts accounted for within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* or PFRS 9, *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities.

Effective for annual periods beginning on or after January 1, 2016:

- PFRS 14, *Regulatory Deferral Accounts* - This standard specifies the financial reporting requirements for regulatory deferral account balances that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation.

Effective for annual periods beginning on or after January 1, 2017:

- PFRS 15, *Revenue from Contracts with Customers* - This standard establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, timing, uncertainty revenue and cash flows arising from a contract with a customer.

Effective for annual periods beginning on or after January 1, 2018:

- PFRS 9, *Financial Instruments: Classification and Measurement* - This standard establishes principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amount, timing and uncertainty of an entity's future cash flows.

Under prevailing circumstances, the adoption of the foregoing new and revised PFRS is not expected to have any material effect on the financial statements. Additional disclosures will be included in the financial statements, as applicable.

<u>Cash</u>
Cash includes cash on hand and in banks.

<u>Financial Assets</u>
The Company determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each reporting date.

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments and are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in the statement of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables are included in current assets if maturity is within 12 months from the reporting date. Otherwise, these are classified as non-current assets.

Classified as loans and receivables are the Company's trade and other receivables (excluding advances subject to liquidation) (see Note 5).

Impairment of Financial Assets

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced by setting up an allowance account. The amount of the loss shall be recognized in the statement of comprehensive income.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are no longer included in a collective assessment of impairment.

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, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in the statement of comprehensive income.

A provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced by setting up an allowance account. Impaired receivables are derecognized when they are assessed as uncollectible.

Financial Liabilities

The Company recognizes a financial liability when it becomes a party to the contractual provisions of the instrument. Financial liabilities are recognized initially at fair value, which is the fair value of the consideration received.

Other Financial Liabilities pertain to financial liabilities that are not held for trading or not designated as at fair value through profit or loss upon the inception of the liability. These include liabilities arising from operations or non-interest loans and borrowings. The financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

Classified as other financial liabilities are the Company's trade and other payables (excluding statutory payables) (see Note 10).

Derecognition of Financial Assets and Liabilities
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

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

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

Fair Value Measurements
The Company uses market observable data as far as possible when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Merchandise Inventory
Merchandise inventory is valued at the lower of cost and net realizable value. Cost is determined on the basis of first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as maintenance and repairs, are normally charged to income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment. Each part of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, as follows:

Category	Number of Years
Furniture and fixtures	5
Office equipment	3-5

The useful lives and the depreciation method are reviewed periodically to ensure that the period and the method of depreciation are consistent with the expected pattern of economic benefits from the use of property and equipment.

When property and equipment are sold or retired, their cost, accumulated depreciation and any impairment in value are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of comprehensive income.

Impairment of Non-Financial Assets
The Company assesses at each reporting date whether there is an indication that the carrying value of prepayments and other current assets, property and equipment, investment property, and computer software (presented under "Other non-current assets") may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Any impairment loss is recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

Capital Stock

Capital stock is measured at par value for all shares issued.

Retained Earnings

Retained earnings represent the cumulative balance of net income at reporting date.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the enterprise and the revenue can be reliably measured. The specific recognition criteria must also be met before revenue is recognized:

Sales of Goods. Revenue is recognized when significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably, which is normally upon delivery.

Sales Commission. Revenue is recognized when services are rendered.

Interest Income. Interest is recognized as the interest accrues, taking into account the effective yield of the asset.

Costs and Expenses

Costs and expenses are recognized when incurred.

Foreign Currency Transactions

Transactions in foreign currencies are recorded using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the rate of exchange at the end of reporting date. Exchange gains and losses arising from foreign currency transactions and translations of foreign currency denominated monetary assets and liabilities are taken to the statement of comprehensive income.

Operating Lease
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

Income Tax
Current Income Tax. Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Income Tax. Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, net operating loss carry-over (NOLCO) to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that there will be sufficient taxable profit against which part of the deferred income tax asset can be utilized.

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

Income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Contingencies
Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefit is remote. Contingent assets are not recognized in the financial statements but disclosed when inflows of economic benefits are probable.

Events After the End of the Reporting Period
Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

4. Significant Accounting Judgments, Estimates and Assumptions

The financial statements were prepared in conformity with PFRS. PFRS includes PAS and Philippine Interpretations from IFRIC, issued by the Philippine FRSC and adopted by the SEC, including SEC pronouncements which requires management to make estimates that affect amounts reported in the financial statements and related notes. Future events may occur which will cause the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become more reasonably determinable. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5. Trade and Other Receivables

	2015	2014
Trade receivables:		
Trade receivables	**₱112,579,911**	₱61,780,783
Related company (see Note 9)	–	203,839
Advances subject to liquidation	**194,157**	284,119
Other receivables (see Note 9)	**440,682**	747,912
	₱113,214,750	₱63,016,653

Trade receivables are non-interest bearing and are generally on 30 days' term.

6. Merchandise Inventory

The Company's merchandise inventory amounting to ₱18.3 million and ₱21.3 million as at March 31, 2015 and 2014, respectively, pertains to agricultural and agrochemical products. The cost of merchandise inventory recognized in the statements of comprehensive income amounted to ₱188.1 million and ₱78.1 million in 2015 and 2014, respectively (see Note 11).

7. Prepayments and Other Current Assets

	2015	2014
Net input Value-added Tax (VAT)	**₱4,344,997**	₱ –
Security deposit	**302,278**	113,800
Others	**270,296**	–
	₱4,917,571	₱113,800

8. Property and Equipment

March 31, 2015

	Furniture and Fixtures	Office Equipment	Total
Cost			
Balance at beginning of year	₱124,634	₱110,511	**₱235,145**
Additions	191,081	116,137	**307,218**
Balance at end of year	315,715	226,648	**542,363**
Accumulated Depreciation			
Balance at beginning of year	36,020	16,370	**52,390**
Additions	49,355	37,517	**86,872**
Balance at end of year	85,375	53,887	**139,262**
Net Book Value	₱230,340	₱172,761	**₱403,101**

March 31, 2014

	Furniture and Fixtures	Office Equipment	Total
Cost			
Balance at beginning of year	₱31,071	₱110,511	₱141,582
Additions	93,563	–	93,563
Balance at end of year	124,634	110,511	235,145
Accumulated Depreciation			
Balance at beginning of year	4,661	16,370	21,031
Additions	31,359	–	31,359
Balance at end of year	36,020	16,370	52,390
Net Book Value	₱88,614	₱94,141	₱182,755

9. Related Party Transactions

The Company, in its regular conduct of business, has transactions with its parent and related companies which include a company under common control), which principally consist of the following:

		2015		2014	
Nature of Transactions	Note	**Amount of Transactions**	**Outstanding Balance**	Amount of Transactions	Outstanding Balance
Receivable from a related company:	5				
DECCO ITALIA srl					
Balance at beginning of year		**₱203,839**		₱–	
Payments		**(1,443,341)**		–	
Commission		**1,239,502**		203,839	
Balance at end of year			**₱–**		₱203,839
Other receivables:					
UPL Limited					
Balance at beginning of year		**–**		–	
Advances		**440,682**		–	
Balance at end of year			**440,682**		–
			₱440,682		₱203,839
Trade payables to related companies:					
UPL Costa Rica S.A.	10				
Balance at beginning of year		**(₱40,061,921)**		(₱19,972,013)	
Purchases		**(105,666,864)**		(50,576,456)	
Payments		**82,815,591**		30,486,548	
Balance at end of year			**(₱62,913,194)**		(40,061,921)
Bio-Win Corporation Ltd.					
Balance at beginning of year		**(23,769,876)**		–	
Purchases		**(64,640,312)**		(25,520,155)	
Payments		**35,931,829**		1,750,279	
Balance at end of year			**(52,478,359)**		(23,769,876)

(Forward)

		2015		2014	
Nature of Transactions	Note	**Amount of Transactions**	**Outstanding Balance**	Amount of Transactions	Outstanding Balance
UPL Ltd, Gibraltar					
Balance at beginning of year		**(₱5,599,455)**		₱–	
Purchases		**(2,286,064)**		(5,599,455)	
Payments		**6,544,519**		–	
Balance at end of year			**(₱1,341,000)**		(₱5,599,455)
			(₱116,732,553)		(₱69,431,252)

Receivable from a related company is unsecured, non-interest bearing and is settled on demand.

Trade payables to related companies are unsecured, non-interest bearing and on 30-180 days' term.

Compensation of Key Management Personnel
Total compensation of key management personnel of the Company amounted to ₱4.1 million and ₱2.9 million in 2015 and 2014, respectively.

10. Trade and Other Payables

	2015	2014
Trade payables:		
Related companies (see Note 9)	**₱116,732,553**	₱69,431,252
Others	**1,735,559**	461,744
Net output VAT	**–**	2,178,432
Accrued expenses and other payables	**5,048,549**	2,739,826
	₱123,516,661	₱74,811,254

Trade payables are non-interest bearing and are generally on 30-180 days' term. Accrued expenses and other payables are non-interest bearing and are normally settled throughout the year.

11. Cost of Sales

	2015	2014
Merchandise inventory, at beginning of year	**₱21,346,324**	₱14,691,266
Add purchases during the year	**185,105,881**	84,774,266
Goods available for sale	**206,452,205**	99,465,532
Less merchandise inventory, at end of year	**18,321,128**	21,346,324
	₱188,131,077	₱78,119,208

12. General and Administrative Expenses

	2015	2014
Personnel expenses:		
Salaries and allowances	**₱5,572,972**	₱2,534,601
Employees' benefits	**2,650,436**	1,546,373
SSS, Pag-ibig and other contributions	**128,383**	63,360
Transportation and travel	**2,623,237**	837,356
Rental (see Note 13)	**2,057,609**	948,831
Taxes and licenses	**1,942,476**	914,195
Commissions	**1,915,647**	1,242,964
Advertising and promotion	**1,048,234**	210,635
Representation and entertainment	**988,401**	463,100
Professional fees	**682,299**	298,607
Insurance	**392,142**	336,432
Communication, light and water	**264,652**	170,649
Office supplies	**108,683**	61,737
Depreciation (see Note 8)	**86,872**	31,359
Miscellaneous	**641,997**	346,379
	₱21,104,040	₱10,006,578

13. Lease Agreement

The Company entered into a contract of lease with a certain company for the use of an office space. The term of the lease is three years commencing on May 30, 2012 up to May 29, 2015. Upon expiration of the lease, the Company shall immediately turn over and deliver the premises leased and improvements to the landowner without delay or need of demand.

The Company also entered into a contract of lease with a certain company for the use of a warehouse and for additional warehouse management services. The term of the lease is for two years commencing on December 6, 2012 up to December 6, 2014. Upon expiration of the lease, the Company extended the term of the lease for two years up to December 6, 2016.

	2015	2014
Within one year	**₱810,000**	₱294,000
After one year but not more than five years	**585,000**	176,000
	₱1,395,000	₱470,000

14. Income Tax

The provision for current income tax pertains to regular corporate income tax in 2015. The Company is subject to minimum corporate income tax in 2017.

Deferred income tax liability, pertaining to unrealized foreign exchange gain, amounting to ₱77,754 as at March 31, 2015, was recognized in the financial statements.

Deferred income tax asset, pertaining to NOLCO, amounting to ₱154,606 as at March 31, 2014 was not recognized in the statement of financial position since management expects that it is not probable that sufficient taxable income may be available in the future against which the deferred income tax assets can be utilized.

The reconciliation between the provision for income tax computed at the statutory income tax rate to actual provision for income tax follows:

	2015	2014
Income before income tax	**₱6,018,102**	₱3,702,470
At statutory income tax rate	**1,805,431**	1,110,741
Addition to (reduction in) income tax resulting from:		
Interest income already subjected to a final tax at a lower tax rate	**(7,816)**	(4,311)
Change in value of unrecognized deferred income tax asset	–	(154,606)
	₱1,797,615	₱951,824