

***United Phosphorus 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

INDEPENDENT AUDITOR'S REPORT

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

Introduction

We have audited the accompanying financial statements of United Phosphorus Indústria e Comércio de Produtos Químicos Ltda. ("Company"), which comprise the balance sheet as of March 31, 2015, and the statements of income, of comprehensive income, of changes in equity 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 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 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 audit opinion.

Opinion


In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Phosphorus Indústria e Comércio de Produtos Químicos Ltda. as of March 31, 2015, and its financial performance and its 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
Auditores Independentes


Paulo de Tarso Pereira Jr.
Engagement Partner

UNITED PHOSPHORUS INDÚSTRIA E COMÉRCIO DE PRODUTOS QUÍMICOS LTDA.

BALANCE SHEET AS OF MARCH 31, 2015

(In thousands of Brazilian reais - R\$)

<u>ASSETS</u>	<u>Note</u>	<u>03/31/2015</u>	<u>03/31/2014</u>	<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>Note</u>	<u>03/31/2015</u>	<u>03/31/2014</u>
CURRENT ASSETS				CURRENT LIABILITIES			
Cash and banks	3	1,924	80	Payables to previous shareholders	6	23,571	-
Recoverable taxes		78	55	Trade payables		5	1
Related parties	4	248	-	Payroll and related taxes		81	72
Other assets		-	5	Taxes payable		12	6
Total of current assets		<u>2,250</u>	<u>140</u>	Total of current liabilities		<u>23,669</u>	<u>79</u>
NON-CURRENT ASSETS				NON-CURRENT LIABILITIES			
Related parties	4	383	337	Payables to previous shareholders	6	<u>215,578</u>	-
Investment	5	<u>332,434</u>	<u>254,387</u>	Total of non-current liabilities		<u>215,578</u>	-
Total of non-current assets		<u>332,817</u>	<u>254,724</u>	TOTAL LIABILITIES		<u>239,247</u>	<u>79</u>
				SHAREHOLDERS' EQUITY			
				Share capital	7	295,088	269,498
				Reserve for capital transactions	5	(236,355)	(31,413)
				Profit reserve		<u>37,087</u>	<u>16,700</u>
				Total of shareholders' equity		<u>95,820</u>	<u>254,785</u>
TOTAL ASSETS		<u><u>335,067</u></u>	<u><u>254,864</u></u>	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u><u>335,067</u></u>	<u><u>254,864</u></u>

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

UNITED PHOSPHORUS INDÚSTRIA E COMÉRCIO DE PRODUTOS QUÍMICOS LTDA.

STATEMENT OF INCOME FOR THE YEAR ENDED MARCH 31, 2015

(In thousands of Brazilian reais - R\$)

	Note	03/31/2015	03/31/2014
NET REVENUES	8	769	726
COST OF SERVICES RENDERED	9	(724)	(557)
GROSS PROFIT		<u>45</u>	<u>169</u>
OPERATING EXPENSES			
General and administrative	9	(59)	(147)
Equity pick up	5	19,832	776
Other operating income	6	-	27,435
Total		<u>19,773</u>	<u>28,064</u>
OPERATING INCOME BEFORE FINANCE INCOME AND EXPENSES		<u>19,818</u>	<u>28,233</u>
FINANCE INCOME AND EXPENSES	10	569	(2,150)
NET INCOME FOR THE YEAR		<u><u>20,387</u></u>	<u><u>26,083</u></u>

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

UNITED PHOSPHORUS INDÚSTRIA E COMÉRCIO DE PRODUTOS QUÍMICOS LTDA.

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

	<u>03/31/2015</u>	<u>03/31/2014</u>
NET INCOME FOR THE YEAR	20,387	26,083
OTHER COMPREHENSIVE INCOME	-	-
COMPREHENSIVE INCOME FOR THE YEAR	<u>20,387</u>	<u>26,083</u>

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

UNITED PHOSPHORUS INDÚSTRIA E COMÉRCIO DE PRODUTOS QUÍMICOS LTDA.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED MARCH 31, 2015

(In thousands of Brazilian reais - R\$)

	Note	Share capital			Reserve for capital transactions	Profit reserve	Total
		Subscribed	To be subscribed	Total			
BALANCES AT MARCH 31, 2013		232,498	-	232,498	-	(9,383)	223,115
Capital increase	7	37,000	-	37,000	-	-	37,000
Dilution loss on related parties transaction	5.a	-	-	-	(39,935)	-	(39,935)
Dilution gain on the subsidiary capital increase by related party	5.a	-	-	-	8,522	-	8,522
Net income for the year		-	-	-	-	26,083	26,083
BALANCES AT MARCH 31, 2014		269,498	-	269,498	(31,413)	16,700	254,785
Capital increase	7	25,792	(202)	25,590	-	-	25,590
Goodwill on acquisition of noncontrolling interest	5.b	-	-	-	(204,942)	-	(204,942)
Net income for the year		-	-	-	-	20,387	20,387
BALANCES AT MARCH 31, 2015		295,290	(202)	295,088	(236,355)	37,087	95,820

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

UNITED PHOSPHORUS INDÚSTRIA E COMÉRCIO DE PRODUTOS QUÍMICOS LTDA.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2015

(In thousands of Brazilian reais - R\$)

	<u>Note</u>	<u>03/31/2015</u>	<u>03/31/2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year		20,387	26,083
Adjustments to reconcile net income for the year to net cash used in operating activities:			
Equity pick up	5	(19,832)	(776)
Gain on fair value of financial liabilities - payables to previous shareholders	6	-	(27,435)
Exchange variation on payables to previous shareholders		(558)	2,243
(Increase) decrease in operating assets:			
Recoverable taxes		(23)	(37)
Other assets		1	3
Related parties		(46)	(3)
Increase (decrease) in operating liabilities:			
Trade payables		4	(527)
Payroll and related taxes		9	(36)
Taxes payable		6	(1)
Payables to previous shareholders		-	(36,800)
Net cash used in operating activities		<u>(52)</u>	<u>(37,286)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in subsidiary		<u>(23,694)</u>	<u>-</u>
Net cash used in investing activities		(23,694)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital increase	7	<u>25,590</u>	<u>37,000</u>
Net cash generated by financing activities		25,590	37,000
INCREASE (DECREASE) IN CASH AND BANKS		<u>1,844</u>	<u>(286)</u>
CASH AND BANKS AT THE BEGINNING OF THE YEAR		80	366
CASH AND BANKS AT THE END OF THE YEAR		<u><u>1,924</u></u>	<u><u>80</u></u>

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

UNITED PHOSPHORUS INDÚSTRIA E COMÉRCIO DE PRODUTOS QUÍMICOS LTDA.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015
(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

1. OPERATIONS

United Phosphorus Indústria e Comércio de Produtos Químicos Ltda. (“the Company”) is located in the city of São Paulo, was incorporated on July 14, 2011 and is engaged in the holding investment in other entities as a partner or shareholder. The Company has an investment at UPL do Brasil Indústria e Comércio de Insumos Agropecuários S.A. (“UPL Brasil”), which 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, among others.

The Company initiated during the year ended March 31, 2013 its operations to provide services related to obtaining records of chemicals in general, essential products for agriculture, fertilizers, sanitizing products, pesticides, fertilizers, natural products with the Brazilian authorities.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of compliance

The 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 11,638/07 and 11,941/09, and the Pronouncements, Guidance 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 Company’s functional currency, and on the historical cost basis, unless otherwise stated, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The summary of the significant accounting policies adopted in the preparation of the financial statements is as follows:

a) Cash and banks

Cash and banks include cash on hand and in banks.

b) Investments

Investment in subsidiary is accounted for under the equity method, based on a balance sheet prepared by the related investee as of the same date as the Company’s balance sheet. Any differences in accounting practices between the subsidiary and the Company are adjusted to the Company’s accounting practices for calculating the equity pick up. Goodwill resulted from acquisition of control in UPL Brasil was computed by the difference of acquisition price and net equity of the acquiring company, plus earn out provision.

c) Payables to previous shareholders

Payables to previous shareholders are financial liabilities measured at fair value through profit or loss, with gains or losses recognized in profit or loss for the year.

Financial liabilities are derecognized when, and only when, the relevant obligations are discharged, canceled or expire. The difference between the carrying amount of a derecognized financial liability and the consideration paid and payable is recognized in profit or loss.

d) Current and noncurrent assets and liabilities

Assets are stated at realizable values and liabilities at known or estimated values, both including, when applicable, financial charges.

e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances, including present value adjustment. Revenue from the services is recognized when the services is provided.

3. CASH AND BANKS

	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Cash in banks	1,924	80
Total	<u>1,924</u>	<u>80</u>

4. RELATED PARTIES

Balances with related parties are summarized below:

	<u>March 31, 2015</u>	<u>March 31, 2015</u>	<u>March 31, 2014</u>
	<u>Current assets</u>	<u>Non-current assets</u>	<u>Non-current assets</u>
<u>Dividends receivable</u>			
UPL do Brasil Indústria e Comércio de Insumos Agropecuários S.A.	248	-	-
Total	248	-	-
<u>Advances</u>			
Controlling shareholders:			
Uniphos Indústria e Comércio de Produtos Químicos Ltda. (a)	<u>383</u>	<u>383</u>	<u>337</u>
Total	<u>383</u>	<u>383</u>	<u>337</u>

Transactions with related parties are summarized below:

	<u>March 31, 2015</u>	<u>March 31, 2014</u>
<u>Services provided to the subsidiary</u>		
UPL do Brasil Indústria e Comércio de Insumos Agropecuários S.A. (b)	865	818
Total	-	-

- (a) Advances from its Parent Company Uniphos Indústria e Comércio de Produtos Químicos Ltda., which are not subject to finance charges.
- (b) Refers to services related to obtaining registration of chemicals in general, especially agricultural products, and laboratory synthesis provided to its subsidiary UPL do Brasil Indústria e Comércio de Insumos Agropecuários S.A.

5. INVESTMENT

The main information on investment is as follows:

	<u>UPL Brasil</u> March 31, 2015	<u>UPL Brasil</u> March 31, 2014
Share capital	83,962	83,962
Shareholders' equity	249,076	207,231
Net income for the year	41,845	7,643
Number of shares	99,867,194	99,867,194
Number of shares held	53,316,064	26,351,921
Equity interest percentage	53.39%	26.39%

The change in investment during year ended March 31, 2015 and 2014 is as follows:

	<u>Cost</u>	<u>Goodwill</u>	<u>Total</u>
Balance on March 31, 2013	85,321	199,703	285,024
Equity pick up for the year	776	-	776
Dilution loss on related parties transaction (a)	(39,935)	-	(39,935)
Dilution gain on subsidiary capital increase (a)	8,522	-	8,522
Balance on March 31, 2014	54,684	199,703	254,387
Equity pick up for the year	19,832	-	19,832
Acquisition of non-controlling interest from non-controlling shareholders, related to 27% of shares (b)	58,463	-	58,463
Proposed dividends	(248)	-	(248)
Balance on March 31, 2015	<u>132,731</u>	<u>199,703</u>	<u>332,434</u>

a) Dilution loss (gain) on related parties transaction

As at March 1, 2014, the Company's controlling shareholder Uniphos Indústria e Comércio de Produtos Químicos Ltda. ("Uniphos") acquired 46,551,130 shares of UPL Brasil increasing its share capital by R\$31,190. As a result, the Company's investment at UPL Brasil was diluted from previous 51% to 26.39% as of March 31, 2014. This transaction generated a dilution loss on related parties transaction in the amount of R\$39,935 (related to decrease in share interest of 24.61% on the shareholders equity as at March 1, 2014 in the amount of R\$162,276), and a dilution gain on subsidiary capital increase in the amount of R\$8,522, based on the capital increase that its controlling shareholder Uniphos made directly at UPL Brasil. Both transactions were recorded directly in quotaholders' equity in the caption "Reserve on capital transactions", in accordance with accounting practices adopted in Brazil, considering being a result of related parties' transaction.

b) Acquisition of non-controlling interest

As at March 18, 2015, the Company acquired remained non-controlling interest shares from non-controlling shareholders of UPL do Brasil, represented by 26,964,143 shares, increasing its 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 of R\$204,942, from the difference between the acquisition cost of non-controlling shares of R\$58,463 and the total amount that would be paid to previous non-controlling shareholders of R\$262,845. The generated goodwill was recorded directly in quotaholders' equity in the caption "Reserve on capital transactions", in accordance with accounting practices adopted in Brazil, considering being a result of related parties' transaction.

For the payables balances to previous non-controlling shareholders, please refer to Note 6.

Consolidated financial statements

In accordance with the provisions of CPC 36, the Company's management did not prepare consolidated financial statements as its ultimate Parent Company Uniphos Indústria e Comércio de Produtos Químicos Ltda. has prepared.

Goodwill recoverability

As of March 31, 2015 and 2014, the Company analyzed the recoverability of goodwill. The Company used projections based on expected future profitability associated to their activities, under the discounted cash flow method. 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 an impairment of goodwill was identified.

6. PAYABLES TO PREVIOUS SHAREHOLDERS

Transaction of March 18, 2015:

Based on the share purchase agreement, the Company 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 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 follows:

	<u>Agreed amount</u>	<u>Cash disbursement</u>	<u>Balance as of March 31, 2015</u>
Shares acquisition:			
Fixed amount, denominated in U.S dollars	128,445	(23,696)	104,749
Earn-out amount, denominated in Brazilian reais	<u>134,400</u>	<u>-</u>	<u>134,400</u>
Total amount	<u>262,845</u>	<u>(23,696)</u>	<u>239,149</u>
Recorded as:			
Payables to previous shareholders - current portion			23,571
Payables to previous shareholders - noncurrent portion			<u>215,578</u>
Total			<u>239,149</u>

Transaction of July 24, 2011:

During the year ended March 31, 2014 the Company' shareholders 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.

7. QUOTAHOLDERS' EQUITY

Share capital

As of March 31, 2015, the share capital is represented by 295,314,512 quotas (269,521,212 as of March 31, 2014) with par value of R\$1.00 each, as breakdown as follow:

	<u>As of March 31, 2015</u>		<u>As of March 31, 2014</u>	
	<u>Quotas</u>	<u>Equity interest</u>	<u>Quotas</u>	<u>Equity interest</u>
Uniphos Indústria e Comércio de Produtos Químicos Ltda.	295,290,760	99.99%	269,497,960	99.99%
United Phosphorus do Brasil Ltda.	<u>23,252</u>	<u>0.01%</u>	<u>23,252</u>	<u>0.01%</u>
Total	<u>295,314,012</u>	<u>100%</u>	<u>269,521,212</u>	<u>100%</u>

On March 9, 2015 the Company controlling quotaholder increased share capital by R\$25,792, issuing 25,792,800 quotas with par value of R\$1.00. (On December 12, 2013 the Company controlling quotaholder increased share capital by R\$37,000, issuing 37,000,000 quotas with par value of R\$1.00).

Profit reserve

The profit distribution to quotaholders is limited to the balances of profit reserve, according to the Company's bylaws.

8. NET REVENUES

Net revenues are summarized as follows:

	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Service revenue	865	818
Taxes on sales	<u>(96)</u>	<u>(92)</u>
Total	<u>769</u>	<u>726</u>

9. OPERATING COSTS AND EXPENSES BY NATURE

<u>Costs and expenses by nature</u>	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Salaries, charges and benefits	692	606
Services from third parties	26	48
Rental	53	45
Tax retention and other fees	<u>12</u>	<u>5</u>
	<u>783</u>	<u>704</u>

<u>Costs and expenses by nature</u>	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Classified as:		
Cost of services provided	724	557
General and administrative expenses	<u>59</u>	<u>147</u>
	<u>783</u>	<u>704</u>

10. FINANCIAL INCOME AND EXPENSES

	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Finance income:		
Yield from investments	11	102
Exchange variation on liabilities	<u>558</u>	<u>-</u>
	569	102
Finance expenses:		
Exchange variation on liabilities	-	(2,243)
Other finance expenses	<u>-</u>	<u>(9)</u>
	-	(2,252)
Total	<u>569</u>	<u>(2,150)</u>

11. INCOME TAX AND SOCIAL CONTRIBUTION

The reconciliation of the tax effect on loss before income tax and social contribution is as follows:

	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Income before income tax and social contribution	19,818	28,233
Nominal rate - income tax and social contribution	<u>34%</u>	<u>34%</u>
	(6,738)	(9,599)
Reconciliation to effective rate:		
Other operating income - permanent differences	(5)	9,328
Equity pick up	6,743	264
Compensation of tax loss carryforwards	-	7
Allowance for non-realization of tax loss carryforwards	<u>-</u>	<u>-</u>
Income tax and social contribution	<u>-</u>	<u>-</u>

As of March 31, 2015, accumulated tax loss carryforwards amount to R\$13,461 (R\$6,388 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\$4,577 as of March 31, 2015 (R\$2,172 in 2014).

Changes in the current income tax legislation

The Company 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 Company’s financial statements.

As at May 4, 2014 PA 627, later converted into Law 12937/2014, was enacted, introducing changes in the tax rules and eliminating the Transition Tax System (RTT) and the Company 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 Company, supported by its legal counsel, analyzed the potential impacts on the financial statements for the year ended March 31, 2015 and understand that there are no material effects to be recognized for the year ended.

12. APPROVAL OF FINANCIAL STATEMENTS

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