

UPL do Brasil
Indústria e
Comércio
de Insumos
Agropecuários S.A.

**Financial Statements for
year ended March 31, 2019**

Contents

Administration report	3
Independent Auditor's Report in the Individual and Consolidated Financial Statements	5
Statement of financial position	8
Statement of income	9
Statement of comprehensive income	10
Statement of changes in shareholders' equity	11
Statements of cash flows	12
Notes to the financial statements	13

ADMINISTRATION REPORT

Fiscal year 2018/19

INDICATORS

Net sales:

2018/19: (+37%) R\$ 2,505
2017/18: (+9%) R\$ 1,833 Bi
2016/17: (+16%) R\$ 1,685 Bi

Market-share:

2018: 6,4%
2017: 6,4%
2016: 5,4%

Operating margin (before financial performance and income tax and social contribution):

2018/19: 7%
2017/18: 7%
2016/17: 11%

* adjustment of exclusion from the balance equity of acquisition of Arysta Life Science in January 2019.



AMONG THE BIGGEST OF THE MARKETS

UPL do Brasil concludes one more harvest confirming its spectacular trajectory of growth and consolidating itself as one of the player's biggest and greatest in the crop protection and defense market in Brazil.

After economic recession of three years, the agrochemicals segment in Brazil reacted and presented a high growth +18% p.a. (same UPL growth for the period), leveraged mainly by large market participants, that came to successive invoicing decreases and market share.

Even in the year of strong competition in the market, and with the year adversities in the internal, economic and political scenario, confirmed by facts such as elections, exchange rate volatility, truckers strike, and others, UPL registers strong growth in sales of (37%), breaking the barrier of revenue 2 billion reais, and reaching the impressive number of R\$ 2,505 billion.

The continuation reduction pressure on the producers to reduce the prices of the agricultural inputs, strengthened by the drop in the price of the main agricultural commodities such as soybean, maize and cotton, aggregated to the increase of the cost of raw materials in china given environmental issues and the competitiveness market in the year among the main competitors to maintain its market share, pressed again the margins of the sector, but UPL maintained its margins in line with the YoY, which allowed the growth of its working margin at the same levels high growth in sales.

The result obtained in the last years, is directly linked to the strategy of innovation and solution products portfolio differentiation have been showing right themselves and in line with the needs of Brazilian agriculture. The 2018/19 has consolidated in the market important products recently launched by UPL, such as Sperto® being one of the main insecticides for Brazilian crops and the reinforcement protectors' line of with mancozeb based mixture with the Tridium® and Triziman®, consolidating the UPL as the creator and market leader in multisite protective products for crops management.

HARVEST 2019/20

UPL has officialized the acquisition of Arysta Life Science. On January 31, 2019 globally. In addition to the consequent company growth due to the acquiring, economies of scale, effective and working synergies, particularly in Brazil, the portfolio complementarity, aggregated to diversification in access options in different segments, consolidates the company among the main players in the Brazilian and global market of pesticides and above all puts the UPL with a portfolio of complete solutions for the Brazilian farmer, such as pesticides, protectors and nutrition. The company's expectations for the coming harvest is extremely positive and the "New UPL" go into this even stronger year , competitive and alongside Brazilian agriculture.



KPMG Auditores Independentes
Passeio das Castanheiras, 431 - Salas 407 a 411
Condomínio Tríade - Torre Nova York - Parque Faber Castell
13561-384 - São Carlos/SP - Brasil
Caixa Postal 708 - CEP 13560-970 - São Carlos/SP - Brasil
Telefone +55 (16) 2106-6700
kpmg.com.br

Independent Auditor's Report in the Individual and Consolidated Financial Statements

To the Shareholders and Management of
UPL do Brasil Indústria e Comércio de Insumos Agropecuários S.A.
Ituverava - SP

Opinion

We have audited the individual and consolidated financial statements of UPL do Brasil Indústria e Comércio de Insumos Agropecuários S.A. ("the Company"), respectively referred to as Company and Consolidated, which comprise the statements of financial position as at March 31, 2019, the statements of income and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of UPL do Brasil Indústria e Comércio de Insumos Agropecuários S.A. as at March 31, 2019, and of 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.

Basis for Opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the individual and consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements included in the Accountant Professional Code of Ethics ("Código de Ética Profissional do Contador") and in the professional standards issued by the Brazilian Federal Accounting Council ("Conselho Federal de Contabilidade"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information accompanying the individual and consolidated financial statements and the auditor's report

Management is responsible for the other information comprising the management report.

Our opinion on the individual and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the individual and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Individual and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Individual and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and international standards on auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual and consolidated financial statements.

As part of an audit in accordance with Brazilian and international standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and subsidiaries internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and subsidiaries ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the individual and consolidated financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

São Carlos, May 06, 2019

KPMG Auditores Independentes
CRC 027611/F

Rafael Henrique Klug
Accountant CRC 1SP246035/O-7

UPL do Brasil Indústria e Comércio de Insumos Agropecuários S.A.

Statement of financial position as of March 31, 2019 and 2018

(In thousands of Brazilian Reals - R\$)

Assets	Note	Parent Company		Consolidated	Liabilities and Shareholders' equity	Note	Parent Company		Consolidated
		2019	2018	2019			2019	2018	2019
Current assets					Current liabilities				
Cash and cash equivalents	9	256,265	45,670	274,693	Borrowings and financing	18	19,269	8,139	315,522
Short-term investments	9	-	-	9,555	Forfeiting and credit letters transactions	19	431,174	307,113	431,174
Trade accounts receivable with third parties	10	1,279,812	906,121	1,854,281	Vendor and rural credit	20	-	-	139,325
Trade accounts receivable with related parties	25	79,079	112,505	137,357	Trade payables to third parties	21	32,206	33,696	144,054
Derivative financial instruments	23	15,778	1,242	15,778	Trade payables to related parties	25	639,497	357,983	749,242
Inventories	11	363,722	284,829	877,639	Borrowings with related parties	25	23,732	4,580	69,610
Advances to suppliers with third parties		428	645	5,737	Payroll and related taxes		36,291	14,838	46,681
Advances to suppliers with related parties	12	126,000	-	-	Taxes payable		7,923	11,792	11,903
Recoverable taxes		35,482	23,946	91,066	Advances from customers		4,153	5,982	13,896
Loan with related parties	25	-	64,719	-	Payables to previous shareholders DVA	25	21,709	-	21,709
Other current assets		10,188	1,460	23,786	Other accounts payable and provisions	22	51,407	11,934	196,827
Total current assets		2,166,754	1,441,137	3,289,892	Related parties - Advances from Customers	25	83	-	-
Non-current assets					Total current liabilities		1,267,444	756,057	2,139,943
Long-term assets					Non-current liabilities				
Recoverable taxes		-	-	23,935	Borrowings and financing	18	826	1,534	826
Trade accounts receivable with third parties	10	1,658	571	29,166	Borrowings with related parties	25	1,870,416	465,332	1,870,416
Debenture	13	-	103,587	-	Payables to previous shareholders DVA	25	-	32,378	-
Available for sale asset		-	-	22,977	Payables for purchases of property, plant and equipment		7,536	-	7,536
Deferred income tax and social contribution	14	132,033	98,087	227,988	Provision for judicial processes	24	2,041	1,657	153,313
Other non current assets		12,104	12,681	19,737	Pension plan and health plan	32	-	-	23,614
Total long-term assets		145,795	214,926	323,803	Other payables		-	88	-
Investments	15	1,581,587	15,023	15,000	Total non-current liabilities		1,880,819	500,989	2,055,705
Property, plant and equipment	16	93,138	88,341	199,133	Shareholders' equity				
Intangible assets	17	96,835	97,861	1,535,819	Share capital	26	735,817	322,857	735,817
Total non-current assets		1,917,355	416,151	2,073,755	Capital reserve	26	138,426	138,426	138,426
					Legal reserve	26	6,962	6,962	6,962
					Retained earnings		54,641	131,997	54,641
					Shareholders' equity attributable to controlling shareholders		935,846	600,242	935,846
					Non-controlling interest		-	-	232,153
					Total shareholders' equity		935,846	600,242	1,167,999
					Total liabilities		3,148,263	1,257,046	4,195,648
Total assets		4,084,109	1,857,288	5,363,647	Total liabilities and shareholders' equity		4,084,109	1,857,288	5,363,647

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

UPL do Brasil Indústria e Comércio de Insumos Agropecuários S.A.

Statement of income

Year ended March 31, 2019 and 2018

(In thousands of Brazilian Reais - R\$ - except income per share expressed in Brazilian Reais)

	Note	Parent Company		Consolidated
		2019	2018	2019
Net revenues	27	2,505,403	1,832,702	2,593,657
Cost of sales	28	(2,052,504)	(1,438,774)	(2,145,012)
Gross profit		452,899	393,928	448,645
Operating income (expenses)				
Selling	28	(111,022)	(68,793)	(132,559)
Impairment loss for impairment of accounts receivable and contract assets of accounts receivable and contract assets	28	563	(4,799)	(74)
General and administrative	28	(166,838)	(184,825)	(183,982)
Equity in income of subsidiaries	15	(31,139)	-	-
Arysta's acquisition exceptional costs	2	(2,929)	-	(2,929)
Other operating expenses, net	29	(6,188)	(14,739)	(8,957)
Income before financial income and expenses		135,346	120,772	120,144
Finance income	30	256,476	191,400	301,469
Finance expenses	30	(486,644)	(285,612)	(528,826)
		(230,168)	(94,212)	(227,357)
Income before income tax and social contribution		(94,822)	26,560	(107,213)
Current	14	(3,057)	(7,043)	(3,057)
Deferred	14	33,945	(5,002)	41,675
		30,888	(12,045)	38,618
Net income for the year		(63,934)	14,515	(68,595)
Income (loss) attributable to:				
Controlling shareholders		(63,934)	14,515	(63,934)
Non-controlling shareholders		-	-	(4,661)
Net income for the year		(63,934)	14,515	(68,595)
Net income per common share - Basic and diluted (in Brazilian Reais)		(0.14779)	0.04410	(0.15857)

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

UPL do Brasil Indústria e Comércio de Insumos Agropecuários S.A.

Statement of comprehensive income

Year ended March 31, 2019 and 2018

(In thousands of Brazilian Reais - R\$)

	<u>Parent Company</u>		<u>Consolidated</u>
	2019	2018	2019
Net income for the year	(63,934)	14,515	(68,595)
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>
Comprehensive income for the year	<u>(63,934)</u>	<u>14,515</u>	<u>(68,595)</u>

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

UPL do Brasil Indústria e Comércio de Insumos Agropecuários S.A.

Statement of changes in shareholders' equity

Year ended March 31, 2019 and 2018

(In thousands of Brazilian Reals - R\$)

	Note	Share capital	Capital reserve	Profit reserves			Total shareholders' equity attributable to controlling shareholders	Non-controlling interest	Shareholders'
				Legal reserve	Retention of profits	Retained earnings			
Balances as of April 1, 2017		322,857	138,426	6,236	118,208	-	585,727	-	585,727
Net income for the year		-	-	-	-	14,515	14,515	-	14,515
Destination:									
To legal reserve	26	-	-	726	-	(726)	-	-	-
To mandatory minimum dividends	26	-	-	-	-	(689)	(689)	-	(689)
Waiver of mandatory dividends	26	-	-	-	-	689	689	-	689
To retained earnings	26	-	-	-	13,789	(13,789)	-	-	-
Balances as of March 31, 2018		322,857	138,426	6,962	131,997	-	600,242	-	600,242
Capital increase on 17/12/2018 according to AGE	26	12,230	-	-	-	-	12,230	-	12,230
Capital increase on 28/01/2019 according to AGE	26	338,130	-	-	-	-	338,130	-	338,130
Acquisition of a subsidiary with non-controlling interests	2	-	-	-	-	-	-	236,814	236,814
Capital increase on 29/03/2019 according to AGE	26	62,600	-	-	-	-	62,600	-	62,600
Net income for the year		-	-	-	-	(63,934)	(63,934)	(4,661)	(68,595)
Interest on own capital	26	-	-	-	-	(13,422)	(13,422)	-	(13,422)
Compensation of losses with retention of profits		-	-	-	(131,997)	131,997	-	-	-
Balances as of March 31, 2019		735,817	138,426	6,962	-	54,641	935,846	232,153	1,167,999

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

UPL do Brasil Indústria e Comércio de Insumos Agropecuários S.A.

Statements of cash flows

Year ended March 31, 2019 and 2018

(In Thousands of Brazilian Reals - R\$)

	Note	Parent Company		Consolidated
		2019	2018	2019
Cash flows from operating activities				
(Loss) net income for the year		(63,934)	14,515	(68,595)
Adjustments for:				
Income tax and social contribution - current and deferred	14	(30,888)	12,045	(38,618)
Depreciation and amortization		27,241	25,766	35,621
Impairment of accounts receivable and contract assets of accounts receivable	10	(563)	4,799	74
Equity in income of subsidiaries	15	31,139	-	-
Provision for net realizable value of inventories	11	(937)	1,052	2,712
Provision for non-realization of ICMS tax credits		-	4,697	-
Exchange rate variation on foreign investment		-	6	-
Net book value of property, plant and equipment and intangible assets disposed off		589	1,610	2,192
Impairment of intangible assets	17	991	3,242	991
Interest on borrowings and financing	18	352	7,597	2,556
Interest on intercompany loan / borrowing		9,523	6,683	10,012
Interest on debentures	13	(9,215)	(6,657)	(9,215)
Present value adjustments on trade accounts receivable and payables		41,905	3,760	51,995
Gain (loss) on derivative financial instruments		(14,536)	(33,624)	(14,536)
Exchange rate variation on trade accounts receivable and suppliers		-	(29,672)	-
Exchange rate variation on borrowing and financing	18	126,276	21,197	145,032
Provision for contingency		384	90	434
(Increase) decrease in operating assets:				
Trade accounts receivable with third parties		(380,433)	25,329	(391,752)
Inventories		(77,956)	100,904	(176,090)
Advances to suppliers with third parties		217	-	(5,092)
Advances to suppliers with related parties		(126,000)	-	-
Recoverable taxes		(11,536)	(16,747)	(15,484)
Trade accounts receivable with related parties		(2,261)	50,327	(3,071)
Other assets		(8,151)	10,503	(10,274)
Increase (decrease) in operating liabilities:				
Trade payables		(1,490)	(24,467)	21,656
Forfeiting and credit letters transactions		124,061	155,742	118,159
Payroll and related taxes		21,453	(14,496)	22,054
Related parties		270,104	(403,067)	227,643
Taxes payable		(5,882)	(1,048)	(6,625)
Advances from customers		(1,746)	780	2,162
Other accounts payable and provisions		28,716	(844)	10,229
Interest of borrowings and financing paid	18	(6,926)	(27,516)	(6,926)
Interest of intercompany borrowings paid		-	(25,852)	-
Interest of intercompany loans received		25,244	5,573	25,244
Income tax and social contribution paid		(3,057)	(1,090)	(3,057)
Net cash used in operating activities		(37,316)	(128,863)	(70,569)
Cash flows from investing activities				
Purchases of investments		(1,597,703)	(46,467)	(1,596,837)
Purchases of debentures	13	-	(96,930)	-
Purchases of property, plant and equipment	16	(9,610)	(17,468)	(11,331)
Purchases of intangible assets	17	(15,446)	(26,618)	(15,806)
New intercompany loan		(184,650)	(56,327)	(184,650)
Short-term investments		-	54,847	(9,555)
Collection of intercompany debenture	13	112,802	-	112,802
Collection of intercompany loan		233,753	-	233,753
Net cash used in investing activities		(1,460,854)	(188,963)	(1,471,624)
Cash flows from financing activities				
Capital increase in cash	26	412,960	-	412,960
Vendor and rural credit		-	-	(17,453)
New borrowings and financing	18	148,758	146,619	240,138
New intercompany borrowing		1,277,381	373,163	1,277,381
Payments of borrowings and financing with third parties	18	(130,334)	(334,526)	(141,810)
Payments of borrowings and financing with related parties		-	(130,275)	-
Net cash provided by financing activities		1,708,765	54,981	1,771,216
Increase (decrease) in cash and cash equivalents		210,595	(262,845)	229,023
Cash and cash equivalents at the beginning of the year		45,670	308,515	45,670
Cash and cash equivalents at the end of the year		256,265	45,670	274,693
		210,595	(262,845)	229,023

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

Notes to the financial statements

(Amounts expressed in thousands of Brazilian Reais - R\$, unless otherwise stated)

1 Operations

UPL do Brasil Indústria e Comércio de Insumos Agropecuários S.A. (“UPL Brasil” or “Company”) headquartered in Campinas, with a factory in Ituverava, both cities located in the State of São Paulo, and branches in Cuiabá - State of Mato Grosso, Carazinho - State of Rio Grande do Sul, Aparecida de Goiania - State of Goiás, Ibiporã - State of Paraná, Luiz Eduardo Magalhães - State of Bahia and Sumaré - State of São Paulo, 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; and
- 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 year end is March 31 of each year.

UPL Brasil is a part of an economic Company of UPL Limited.

2 Business combination

On January 28, 2019, the Company obtained control of Arysta Lifescience of Brasil Indústria Química e Agropecuária S.A. ("Arysta"), manufacturer, importer, exporter and distributor of agricultural products and other chemical products such as pesticides and fertilizers, acquiring 86.98% of shares of the voting capital of that entity.

The acquisition of control of Arysta will allow the Company to expand its market. The acquisition is expected to enable the Company to become more involved in the agricultural products market through access to Arysta's customer base. The Company also expects to reduce its costs through economies of scale.

a. Acquisition costs

The Company incurred in exceptional costs related to the acquisition in the amount of R\$ 2,929 related to attorney's fees and due diligence costs. Lawyers' fees and due diligence costs were recorded as ' Administrative expenses' in the income statement.

b. Identifiable assets acquired and liabilities assumed

The table below summarizes the amounts of assets acquired and liabilities assumed at the date of acquisition.

Trade accounts receivable with third parties	499,443
Inventories	416,801
Property, plant and equipment	110,699
Intangible assets	658,700
Other assets	240,372
Total assets	1,926,015
Current liabilities	692,375
Non current liabilities	180,825
Total assumed liabilities	873,200
Fair value for net identified assets	1,052,815

c. Measurement of fair value

The valuation techniques used to measure the fair value of the significant assets acquired were as follows:

Assets acquired	Assessment Technique
Property, plant and equipments	Market comparison technique and cost technique: the valuation model considers the market prices for similar items, when available, and the depreciated replacement cost, when appropriate. The depreciated replacement cost reflects adjustments of physical deterioration, as well as functional and economic obsolescence.
Intangible assets	Relief-from-royalty method and multi-period excess earnings method: the relief-from-royalty method considers discounted estimated royalty payments that should be avoided as a result of acquired patents. The multi-period excess earnings method considers the present value of the expected net cash flows from customer relationships, excluding any cash flows related to contributory assets.
Inventories	Market comparison technique: Fair value is determined on the basis of the estimated selling price in the ordinary course of business, less estimated completion and sale costs, and a reasonable profit margin based on the effort required to complete and sell the inventories.

Trade accounts receivable" consists of gross contractual amounts due of R\$ 765,831, of which R\$ 266,388 are estimated as non-recoverable on the acquisition date.

Measurement at fair value made on provisional bases

If new information obtained within a period of one year from the date of acquisition on facts and circumstances that existed at the date of acquisition, indicate adjustments in the amounts mentioned above, or any additional provision that existed at the date of acquisition, the accounting of the acquisition will be reviewed.

d. Goodwill

The goodwill recognized as a result of the acquisition was determined as follows:

	Note	
Transferred consideration		1,597,726
Participation of non-controlling shareholders, based on proportional participation in the acquired assets and liabilities of the acquire		238,064
Fair value of identifiable net assets		(1,052,815)
Goodwill in the acquisition	17	782,976
Goodwill net of non-controlling interest	15	681,033

Goodwill is primarily attributed to the skills and technical talent of Arysta's workforce and the expected synergies in integrating the entity into the Company's existing standard paper business. The goodwill recognized is not expected to be deductible for income tax and social contribution purposes.

3 Basis of preparation

Declaration of conformity (based on CPC standards “BRGAAP”)

The financial statements were prepared in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncements Committee - CPC.

The financial statements accompanied by the independent auditors report were authorized for issue by Management on May 06, 2019. After their issuance, only the shareholders have empowered to change the financial statements.

Details of the Company's significant accounting policies are presented in note 7.

This is the first set of annual financial statements of the Company in which CPC 47 - Customer Contract Revenue and CPC 48 - Financial Instruments were applied. Changes in the main accounting policies are described in Note 6.

All the relevant information to the financial statements, and only them, are being disclosure, and correspond to those used by Management in its management.

4 Functional and presentation currency and measuring basis

The financial statements are prepared in Real (R\$), which is the Company’s functional currency. The balances have been rounded to the nearest value, except otherwise indicated. The financial statements are prepared at historical cost basis except for certain financial instruments that are measured fair values at the end of each reporting period, as explained in the accounting policies below:

- Historical cost is generally based on the fair value of the consideration given in exchange for goods and services; and
- Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating

the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for, leasing transactions that are within the scope of CPC 06 - Lease, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in CPC 16 - Inventories or value in use in CPC 01 - Impairment assets.

5 Use of estimates and judgments

In the preparation of these financial statements, Management used judgments, estimates and assumptions that affect the application of the Company's accounting policies and reported amounts of assets and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Reviews of accounting estimates are recognized prospectively.

Judgments

Information about judgments made in applying accounting policies that have significant effect on the amounts recognized in the financial statements are included in the following notes:

- **Note 7 - Reduction of the recoverable amounts of assets:** At each period ending date, the Company 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.
- **Note 10 - Derecognition of assignment of credit and Note 15 - definition of control of investment in Fundo de Investimento em Direitos Creditórios UPL 1 ("FIDC"):** UPL Brasil structured the Fundo de Investimento em Direitos Creditórios UPL 1 ("FIDC"), which was not constituted with a certain fixed group of receivables, but UPL can assign receivables up to a maximum balance of R\$ 300,000. The subsidiary Company Arysta also operates an agreement with Rabobank, that regulates and delimits credit operations between the parties (USD 100,000 thousand), when financial releases by the financial institution, occur through the issuance of CCBs - Bank Credit Note, and CCE's - Export Credit Note, signed between the subsidiary Company Arysta customer and Rabobank. To determine the derecognition of the financial assets under CPC 48 by the assignment of credits and about the control definition over this entity to consider if this investment should be consolidated under CPC 36, the Company and its subsidiary considers several facts and circumstances that includes credit risks level before and after the structure, execution of possible sales of receivables to third parties, exposed to the variability of the FIDC's return, among others, that may be reassessed in case of events or circumstances changes in the future.
- **Note 14 - Income and social contribution taxes:** Income projections prepared by management and approved by the Board, which contain many assumptions and judgments, aiming to measure the potential to generate future taxable income to support the realization of the recorded deferred income tax and social contribution taxes assets. 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.

Assumptions and estimation uncertainties

Information about uncertainties on assumptions and estimates that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- **Note 7 - Fair value measurements and valuation processes:** In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company uses the fair values quoted by the counterparty financial institutions. The Company used valuation technique that includes inputs that are not based on observable market data to estimate the fair value of derivative financial instruments. Additional disclosures have been made (please refers to Note 23) about the valuation inputs and key assumptions used in the determination of the fair value of various assets and liabilities
- **Note 10 - Allowance for doubtful accounts:** When there is an evidence of impairment loss, the directors of the Company take into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial assist's original effective interest rate (i.e. the effective interest rate computed at initial recognition). When the actual future cash flows are less than expected, a material impairment loss may arise.
- **Note 10, 21, 25 and 32 - Present value adjustment:** The Company calculates the present value mainly for revenues by using a discount rate that reflects the best evaluations of the market, which tracks the change in the rate of interbank deposit rate ("CDI"). The discount rate used on March 31, 2019 was approximately 7% per annum (14% as of March 31, 2018). Measuring the present value adjustment was performed in "pro rata die" exponential basis, from each transaction date.
- **Note 11 - Provision for carrying value and obsolete inventories:** The provision for inventory is recorded based on an analysis of sales prices, net of the effects of taxes and expenditure fixed incurred on sales efforts. The provision for slow moving is determined based on the individual analysis of the age of the items in stock and the likelihood of future use.
- **Note 24 - Provision for judicial processes:** The Company is involved in labour, civil and tax risks and administrative proceedings. Provisions are recognized for all risks relating to lawsuits representing probable losses and estimated with a certain degree of security.

The likelihood of loss includes evaluation of available evidence, the hierarchy of laws, case law available, the most recent court decisions and its relevance in the legal system as well as the assessment of external lawyers. Management believes that the reserves for labor, civil and tax risks are properly recognized in the financial statements.

The settlement of transactions involving these estimates may result in values different from those recorded in the consolidated financial statements due to inaccuracies inherent in the estimation process. These estimates and assumptions are periodically reviewed.

Measurement of fair value

A number of the Company's accounting policies and disclosures require the measurement of fair values for financial and non-financial assets and liabilities.

The Company has established a control framework related to the measurement of fair values. This includes an assessment team that has overall responsibility for reviewing all significant fair value measurements, including level 3 fair values. It reports directly to the CFO.

The assessment team regularly reviews material unobservable data and valuation adjustments. If the information of third parties such as dealers' quotations or pricing services is used to measure the fair values, then the assessment team reviews the evidence obtained from third parties to support the conclusion that these assessments meet the requirements of CPC including the level in the fair value hierarchy in which these assessments are classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as much as possible. The fair values are classified into different levels in a hierarchy based on the information (inputs) used in the valuation techniques as follows:

- **Level 1:** (unadjusted) prices quoted on active markets for similar assets and liabilities.
- **Level 2:** Inputs, except the prices quoted in Level 1, which are observable for the asset or liability, directly (prices) or indirectly (derived from prices).
- **Level 3:** Inputs, for the assets or liabilities, which are not based on observable market data (unobservable inputs).

The Company recognizes transfers between levels of the fair value hierarchy at the end of the period of the financial statements in which the changes occurred.

Additional information on the assumptions used in measuring fair value is included in the following notes:

- **Note 23** - Financial instruments.

6 Changes in significant accounting policies due to the new Accounting Pronouncements

Except as described below, the accounting policies applied in these financial statements are the same as those applied in the Company's financial statements for the year ended March 31, 2018.

Changes in accounting policies should also be reflected in the Company's financial statements for the year ended March 31, 2019.

The Company has adopted as of April 1, 2018 the following main standards, amendments to the standards and interpretations issued: (a) CPC 48 - Financial Instruments and (b) CPC 47 - Customer Contract Revenue. The nature and impact of each new standard or change are described below:

CPC 47 - Customer Contract Revenue

CPC 47 introduces a comprehensive framework to determine if, when and by how much revenue is recognized. CPC 47 replaces the current revenue recognition guidelines in CPC 30 - Revenues, CPC 17 - Construction Contracts and IFRIC 13 - Customer Loyalty Programs.

As disclosed in the annual financial statements as of March 31, 2018, the Company did not identify any significant impacts on the recognition of its revenues.

CPC 48 - Financial Instruments

This standard addresses the classification, measurement and recognition of financial assets and liabilities. The main changes that CPC 48 brings are: (i) new criteria for classification of financial assets; (ii) a new impairment model for financial assets, a hybrid of expected and incurred losses, to replace the current model of losses incurred; and (iii) easing the requirements for adopting hedge accounting. Management has concluded that the new guidelines will not have a significant impact on the classification and measurement of its financial assets, especially considering that it does not have designated hedge operations as of the date of disclosure of these financial statements.

The Company did not identify any significant impact on the balance sheet and statement of shareholders' equity, even taking into account the change in the impairment of financial assets. Considering the low historical default, the change in the criterion of losses incurred for expected losses did not bring effects to the Company. In addition, the Company's receivables, since they are less than one year, do not have a significant financing component.

The adoption of CPC 48 had no effect on the accounting policies related to financial liabilities. The adoption of CPC 48 in the classifications of financial assets did not generate measurement impacts, as shown below based on the balances by class of financial assets as of March 31, 2019, the balances of which are disclosed in the financial statements:

Financial assets	Original classification in accordance with CPC 38	New classification in accordance with CPC 48	31/03/2018
Cash and cash equivalents	Loans and receivables	Amortized cost	1,078
Trade accounts receivables with third parties	Loans and receivables	Amortized cost	906,121
Trade accounts receivables with related parties	Loans and receivables	Amortized cost	112,505
Loan with related parties	Loans and receivables	Amortized cost	64,719
Debenture	Loans and receivables	Amortized cost	103,587
Other assets	Loans and receivables	Amortized cost	14,141
Borrowings and financing	Other financial liability	Amortized cost	9,673
Borrowings with related parties	Other financial liability	Amortized cost	469,912
Forfeiting and credit letters transactions	Other financial liability	Amortized cost	307,113
Trade payables to third parties	Other financial liability	Amortized cost	33,696
Trade payables to related parties	Other financial liability	Amortized cost	357,983
Other payables	Other financial liability	Amortized cost	11,934

Evaluating the new rules that came into force on April 1, 2018, it was concluded that there was no substantial impact on its financial statements. The only impact was the reclassification of the financial instruments, according to CPC48, as presented in note 23.

7 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods reported in these consolidated and individual financial statements, , except for that accounting policies changed due to the new Accounting Pronouncements presented in note 6.

a. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its Subsidiaries. Control is achieved when the Company:

- 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 Company 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 Company obtains control over the subsidiary and ceases when the Company 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 Company gains control until the date when the Company ceases to control the subsidiary.

The individual financial statements of the parent company, financial information of subsidiaries are recognized under the equity method.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company 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 Company's accounting policies.

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

When the Company 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 Company 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 CPCs). 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 46, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

Name of subsidiary	Country of incorporation	Direct interest	Indirect interest
Arysta Lifescience do Brasil Indústria Química e Agropecuária S.A.	Brazil	86.98%	-

b. Business combination

In the consolidated financial statements, acquisitions of businesses are accounted for using the acquisition method, which consists in the sum of the fair values of the assets transferred and liabilities assumed on the date of transfer of control of the acquiree (acquisition date). Acquisition-related costs (fees related to due diligence, lawyers, etc.) are generally recognized in profit or loss as incurred.

Goodwill arising on the acquisition of a business is stated as the cost of business combination exceeding the acquirer's share of the net fair value of the identifiable assets, liabilities and contingent liabilities acquired or assumed.

Goodwill and other intangible assets with indefinite useful lives are not amortized; however, the asset is tested for impairment at least annually (see note 2 above). Any permanent impairment identified is recognized immediately in profit or loss and is not subject to subsequent reversal.

On disposal of a subsidiary or joint venture, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

If the acquirer's share of the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the acquisition cost, the excess (previously known as negative goodwill) is recorded as an immediate gain in profit or loss for the year in which the acquisition occurred.

Goodwill on acquisition is adjusted during the measurement period (period of up to twelve months from the acquisition date) if contingent assets and liabilities attributable to the acquisition date are identified during such period. After the measurement period, the contingent consideration attributable to the asset or liability is remeasured on the date of the subsequent financial statements, in accordance with CPC 48, or CPC 25 - Provisions, Contingent Liabilities and Contingent Assets, as applicable, and the respective gains or losses are recognized in profit or loss for the current year.

In the individual financial statements, the Company applied Technical Interpretation ICPC - 09, which requires that the excess of the cost of the investment over the Company's share of the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities on the acquisition date be recognized as goodwill, which is included within the carrying amount of the investment. The consideration transferred, as well as the net fair value of the assets and liabilities are measured using the same criteria applicable to the consolidated financial statements previously described.

c. Allocation of goodwill balances

Goodwill arising from a business combination is stated at cost on the business combination date (see note 2 previously presented), net of any accumulated impairment loss.

For impairment purposes, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-Generating Units - CGUs), which, at the Company, correspond to each of the stores.

The goodwill allocated to each cash-generating unit is tested for impairment annually or more frequently when there are indications that the cash-generating unit presents a below-than-expected performance. If the recoverable amount of a cash-generating unit is lower than its carrying amount plus the goodwill attributable to such cash-generating unit, impairment losses are firstly allocated to write down the goodwill allocated to the unit and subsequently to the other assets of the unit, prorated to the carrying amount of each of its assets. Impairment losses on goodwill are directly recognized in profit or loss for the year in which it was identified, which is not reversed in subsequent periods, even if the factors requiring its recording no longer exist.

d. Foreign currency

Transactions in foreign currency (other than the functional currency), are translated into the respective functional currency of the Company at exchange rates in the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Exchange differences on monetary items are recognized in profit or loss in period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences are generally recognized in profit or loss.

e. Financial instruments

(i) Initial recognition and measurement

Customer receivables and debt securities issued are initially recognized on the date they were originated. All other financial assets and liabilities are recognized initially when the Company becomes part of the contractual provisions of the instrument.

A financial asset (unless it is an accounts receivable from customers without a significant financing component) or financial liability is initially measured at fair value, plus, for an item not measured at the VJR, the transaction costs that are directly attributable to acquisition or issue. An accounts receivable from customers without a significant component of financing is initially measured at the price of the transaction.

(ii) Subsequent classification and measurement

Financial Instruments - Policy applicable as of January 1, 2018

On initial recognition, a financial asset is classified as measured: at amortized cost; to VJORA - debt instrument; to VJORA - equity instrument; or the VJR.

Financial assets are not reclassified subsequent to initial recognition, unless the Company changes the business model for the management of financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period subsequent to the change in business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at the VJR:

- is maintained within a business model whose purpose is to maintain financial assets to receive contractual cash flows; and
- their contractual terms generate, at specific dates, cash flows that are only related to the payment of principal and interest on the outstanding principal amount.

A debt instrument is measured to the VJORA if it meets both of the following conditions and is not designed as measured to the VJR:

- is maintained within a business model whose objective is achieved both by receiving contractual cash flows and by the sale of financial assets; and
- their contractual terms generate, at specified dates, cash flows that are only payments of principal and interest on the outstanding principal amount.

In the initial recognition of an investment in an equity instrument that is not held for trading, the Company may irrevocably choose to present subsequent changes in the fair value of the investment in ORA. This choice is made investment by investment.

All financial assets not classified as measured at amortized cost or to VJORA, as described above, are classified as VJR. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or to the VJORA and to the VJR if this eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model evaluation: policy applicable as of January 1, 2018

The Company performs an evaluation of the business model objective in which a financial asset is held in the portfolio because this better reflects the way in which the business is managed and the information is provided to Management. Information considered includes:

- the policies and objectives set out for the portfolio and the practical operation of these policies. They include the question of whether Management's strategy focuses on obtaining contractual interest income, maintaining a certain interest rate profile, matching the duration of financial assets with the duration of related liabilities or expected outflows of cash, or the realization of cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Company's Management;
- the risks that affect the performance of the business model (and the financial asset held in that business model) and the way those risks are managed;
- how the business managers are remunerated - for example, whether the compensation is based on the fair value of the assets managed or the contractual cash flows obtained; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and their expectations about future sales.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales, in a manner consistent with the continuous recognition of the Company's assets

Financial assets held for trading or managed with performance measured at fair value are measured at fair value through profit or loss.

Financial assets - assessment of whether contractual cash flows are only principal and interest payments: Policy applicable as of January 1, 2018

For the purposes of this valuation, the 'principal' is defined as the fair value of the financial asset at the initial recognition. 'Interest' is defined as a consideration for the time value of money and for the credit risk associated with the principal amount outstanding over a given period of time and for the other underlying risks and costs of borrowing (eg liquidity risk and costs administrative costs), as well as a profit margin.

The Company considers the contractual terms of the instrument to assess whether contractual cash flows are only principal and interest payments. This includes assessing whether the financial asset contains a contractual term that could change the timing or value of the contractual cash flows so that it would not meet that condition. In making this evaluation, the Company considers:

- contingent events that modify the value or timing of cash flows;
- terms that may adjust the contractual rate, including variable rates;
- prepayment and extension of the term; and
- terms that limit the Company's access to cash flows of specific assets (for example, based on the performance of an asset).

The prepayment is consistent with the principal and interest payments criterion if the prepayment amount represents, for the most part, unpaid principal and interest amounts on the outstanding principal amount - which may include additional compensation the early termination of the contract. In addition, in respect of a financial asset acquired for a value less than or greater than the nominal value of the contract, the permit or prepayment requirement for a value representing the nominal value of the contract plus contractual interest (which also may include reasonable additional compensation for early termination of the contract) accrued (but not paid) are treated as consistent with this criterion if the fair value of the prepayment is insignificant at initial recognition.

Financial assets - Subsequent measurement and gains and losses: Policy applicable as of January 1, 2018

VJR Financial assets	These assets are subsequently measured at fair value. Net income, including interest or dividend income, is recognized in income.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the income statement. Any gain or loss on derecognition is recognized in profit or loss.

Financial assets - Subsequent measurement and gains and losses: Policy applicable as of January 1, 2018

VJORA debt instruments	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the income statement. Other net results are recognized in ONP. In the derecognition, the accumulated result in ORA is reclassified to the result.
VJORA equity instruments	These assets are subsequently measured at fair value. Dividends are recognized as a gain in profit or loss, unless the dividend represents a clear recovery of part of the cost of the investment. Other net income is recognized in ORA and is never reclassified to income.

Financial assets - Policy applicable before January 1, 2018

The Company classified the financial assets in the following categories:

- loans and receivables;
- financial assets held to maturity;
- available-for-sale financial assets; and
- financial assets measured at fair value through profit or loss, and within this category as:
 - financial assets held for trading;
 - hedge derivative instruments; or
 - financial assets designated at fair value through profit or loss.

Financial assets - Subsequent measurement and gains and losses: Policy applicable before January 1, 2018

VJR financial assets	Measured at fair value and changes in fair value, including interest or dividend income, were recognized in income.
Held-to-maturity financial assets	Measured at amortized cost using the effective interest method.
Loans and receivables	Measured at amortized cost using the effective interest method.
Financial assets held for sale	Measured at fair value and changes in fair value, except for impairment losses, interest and foreign exchange differences on debt instruments, were recognized in the ORA and accumulated in the fair value reserve. When these assets were derecognised, the accumulated gains and losses in shareholders' equity were reclassified to the income statement.

Financial liabilities - classification, subsequent measurement and gains and losses

Financial liabilities were classified as measured at amortized cost or to VJR. A financial liability is classified as measured at fair value through profit or loss if it is classified as held for trading, is a derivative or is designated as such at initial recognition. Financial liabilities measured at VJR are measured at fair value and net income, including interest, is recognized in income. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense, exchange gains and losses are recognized in income. Any gain or loss on derecognition is also recognized in profit or loss.

(iii) Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows of the asset expire, or when the Company transfers the contractual rights of receipt to the contractual cash flows on a financial asset in a transaction in which substantially all the risks and benefits of ownership of the financial asset are transferred or in which the Company neither transfers nor maintains substantially all the risks and benefits of ownership of the financial asset and also does not retain control over the financial asset.

The Company carries out transactions in which it transfers assets recognized in the balance sheet, but retains all or substantially all the risks and benefits of the assets transferred. In such cases, financial assets are not derecognised.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligation is withdrawn, canceled or expires. The Company also derecognizes a financial liability when the terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

In the derecognition of a financial liability, the difference between the extinct book value and the consideration paid (including transferred assets that do not transit through the cash or assumed liabilities) is recognized in the income statement.

(iv) Compensation

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(v) Derivative financial instruments

Derivative financial instruments and hedge accounting - policy applicable as of January 1, 2018

The Company maintains derivative financial instruments to protect its exposures to the risks of foreign currency variation and interest rate. Embedded derivatives are separated from their primary contracts and recorded separately if the primary contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. After initial recognition, derivatives are measured at fair value and changes in fair value are normally recorded in the statement of income.

The Company designates certain derivatives as hedge instruments to hedge the variability of cash flows associated with highly probable forecasted transactions resulting from changes in foreign exchange and interest rates, as well as certain derivative and non-derivative financial liabilities as risk hedging instruments exchange rate on a foreign investment in a foreign operation.

At the beginning of the designated hedge relationships, the Company documents the risk management objective and the hedge instrument acquisition strategy. The Company also documents the economic relationship between the hedging instrument and the hedged item, including whether there is an expectation that changes in the cash flows of the hedged item and the hedging instrument will offset each other.

f. Capital

The Company's share capital is composed only of common shares which are classified as shareholders' equity.

g. 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.

h. Present value adjustment

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 Company 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 0.58% per month (0.76% in 2018), which is based on effective discount rate used by the Company. Measurement of the present value adjustment was performed in "pro rata die" exponential basis, from the origin of each transaction.

i. Inventories

Stated at the lower of cost and net realizable value (estimated selling price in the normal course of business less all estimated costs of completion and costs necessary to make the sale). The Company determines the cost of its inventory by using the absorption method based upon the weighted average cost. Provisions for slow-moving or obsolete inventories are recorded when considered necessary by Management.

j. 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.

k. Provisions

Recognized when the Company has a present obligation (legal or constructive) as a result of a past event, with probable outflow of resources, and the amount of the obligation can be reliably estimated.

The amount recognized as a provision is the best estimate of the settlement amount at the end of the reporting period, considering the risks and uncertainties related to the obligation. When the provision is measured based on the estimated cash flow to settle the current obligation, its value is determined using the present value of these cash flows.

When the economic benefit required settling a provision is expected to be received from third parties, this amount receivable is recorded as an asset only when reimbursement is virtually certain and can be reliably estimated.

l. Short-term employee benefits

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is rendered. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

m. Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost of acquisition or construction less accumulated depreciation and accumulated losses by impairment.

Cost includes disbursements that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- The cost of materials and direct labor;
- Any other costs directly attributable to bring the assets to a working condition for their intended use by Management;
- Dismantling costs and the costs to restore the site on which the assets are located; and
- Capitalized borrowing costs on qualifying assets.

Purchased software that is an integral part of the functionality of equipment is capitalized as part of that equipment. When parts of an item of property, plant and equipment have different useful life, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on the disposal of an item of property, plant and equipment (the difference between the amount of the disposal and the carrying amount), are recognized in “net other operating income (expense)” in the “statements of comprehensive income”.

(ii) Subsequent costs

Subsequent costs are capitalized only when it is probable that the future economic benefits associated with the costs will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation methods, useful lives and residual amounts are reviewed at each reporting date and eventual adjustments are recorded as changes in accounting estimates.

n. Intangible assets

Software

Computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives, which is five years. Costs associated with maintaining computer software programs are recognized as an expense as incurred.

The Company reviews the amortization period and amortization method for intangible assets with finite lives every year.

Trademarks, patents and licenses

Expenditures related to research activities undertaken for the purpose of acquiring know-how and new scientific or technical knowledge are recognized in profit and loss as incurred. Development activities relate to a plan for the production of new products or processes or significant improvement of existing products or processes.

Expenditures for development activities are recognized as an intangible asset only if: it is possible to reliably measure the development costs; it is technically and commercially possible to implement the product or process; future economic benefit is expected from the product and the Company has intentions and sufficient resources to complete development of the asset and then use or sell it. The expenditures capitalized in respect of development activities include the cost of materials and overhead expenses as well as other related costs necessary for the completion of the register within Brazilian Authorities that can be directly attributed to preparing the asset for its intended use. Other costs for development activities are recognized in profit and loss as incurred.

In subsequent periods, capitalized development costs are measured at cost less accumulated amortization and accrued impairment losses.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss when incurred.

Registration costs incurred for products that can be identified and separated, and which in the Company's estimation will produce future economic benefit, are recognized as an asset in the "intangible assets" category and are amortized over the period of economic benefit they are expected to provide.

o. Impairment

(i) Non-derivative financial assets

Policy applicable as of January 1, 2018

Financial instruments and contractual assets

The Company recognizes provisions for expected credit losses on:

- financial assets measured at amortized cost;
- debt investments measured to VJORA; and
- contract assets.

The Company measures the provision for loss in an amount equal to the loss of credit expected for a lifetime, except for the items described below, which are measured as expected credit loss for 12 months:

- debt securities with low credit risk at the balance sheet date; and
- other debt securities and bank balances for which credit risk (ie the risk of default over the expected life of the financial instrument) has not increased significantly since the initial recognition.

Provisions for losses on trade accounts receivable and contract assets are measured at an amount equal to the loss of credit expected for the entire life of the instrument.

In determining whether the credit risk of a financial asset has increased significantly since the initial recognition and in estimating the expected credit losses, the Company considers reasonable and supportable information that is relevant and available at no cost or undue expense. This includes quantitative and qualitative information and analysis, based on the Company's historical experience, credit assessment and forward-looking information.

The Company assumes that the credit risk of a financial asset increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be a defaulter when:

- it is unlikely that the debtor will fully pay its credit obligations to the Company, without resorting to actions such as the realization of the guarantee (if any); or
- the financial asset is overdue for more than 180 days.

The Company considers that a debt security has a low credit risk when its credit risk classification is equivalent to the generally accepted definition of "investment grade".

- Expected long-term credit losses are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

- Expected credit losses for 12 months are credit losses that result from potential delinquent events within 12 months after the balance sheet date (or in a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered in the estimate of expected credit loss is the maximum contractual period during which the Company is exposed to credit risk.

Measurement of expected credit losses

Expected credit losses are estimates weighted by the probability of credit losses. Credit losses are measured at present value based on all cash insufficiencies (ie the difference between the cash flows due to the Company under the agreement and the cash flows that the Company expects to receive).

Expected credit losses are discounted by the effective interest rate of the financial asset.

Financial assets with recovery problems

At each balance sheet date, the Company assesses whether the financial assets accounted for at amortized cost and the debt securities measured at VJORA are experiencing recovery problems. A financial asset has "recovery problems" when one or more events with a detrimental impact on the estimated future cash flows of the financial asset occur.

Objective evidence that financial assets have had recovery problems includes the following observable data:

- significant financial difficulties of the issuer or the borrower;
- breach of contractual clauses, such as delinquency or delay of more than 180 days;
- restructuring of a value due to the Company in conditions that would not be accepted under normal conditions;
- the likelihood that the debtor will go bankrupt or go through another type of financial reorganization; or
- the active market disappearance for the title because of financial difficulties.

Presentation of the provision for expected credit losses in the balance sheet

The provision for losses on financial assets measured at amortized cost is deducted from the gross carrying amount of the assets.

For debt securities measured to VJORA, the provision for losses is charged to income and recognized in the ORA.

Disposal

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering the financial asset in whole or in part. With respect to individual clients, the Company adopts the policy of lowering the gross carrying amount when the financial asset is expired 180 days ago based on the historical experience of recovering similar assets. With respect to corporate clients, the Company makes an individual assessment of the time and value of the write-off based on whether or not there is a reasonable expectation

of recovery. The Company does not expect any significant recovery of the amount written off. However, financial assets written off may still be subject to the execution of credit for compliance with the Company's procedures for the recovery of amounts owed.

Policy applicable before January 1, 2018

Non-derivative financial assets

Financial assets not classified as financial assets at fair value through profit or loss were measured at each balance sheet date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets had a loss of value included:

- debtor default or delays;
- restructuring of a value due to the Company in conditions that would not be accepted under normal conditions;
- indications that the debtor or issuer will go into bankruptcy / judicial recovery;
- negative changes in the payment situation of debtors or issuers;
- the active market disappearance for the title because of financial difficulties; or
- observable data indicating that there was a decline in the measurement of the expected cash flows of a group of financial assets.

The Company considered evidence of impairment of assets measured at amortized cost, both at the individual and at the collective level. All individually significant assets were evaluated for impairment. Those who had not individually suffered loss of value were then evaluated collectively for any loss of value that might have occurred but had not yet been identified. Assets that were not individually significant were collectively assessed for impairment based on the grouping of assets with similar risk characteristics.

In assessing the impairment loss on a collective basis, the Company used historical trends of the recovery period and the amounts of loss incurred, adjusted to reflect management's judgment if the current economic and credit conditions were such that actual losses would probably be larger or smaller than those suggested by historical trends.

Financial assets measured at amortized cost

An impairment loss was calculated as the difference between the book value and the present value of the estimated future cash flows discounted at the original effective interest rate of the asset. Losses were recognized in income and reflected in a provision account. When the Company considered that there were no reasonable expectations of recovery, the amounts were written off. If the impairment loss subsequently decreased and the decrease was objectively related to an event subsequent to the recognition of the impairment loss, the provision was reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets were recognized by reclassifying the accumulated loss recognized in equity valuation adjustments in shareholders' equity to income. The reclassified loss was the difference between the acquisition cost, net of any reimbursement and principal amortization, and the current fair value, less any impairment loss previously recognized in profit or loss. If the fair value of an available-for-sale debt security for which a loss had been recognized in the recoverable amount had subsequently increased and that increase was objectively related to an event occurring after the impairment loss was recognized, then the loss was reversed and the reversal amount recognized in profit or loss. Impairment losses recognized in income for equity instruments classified as available-for-sale financial assets were not reversed.

(ii) Non-financial assets

The carrying amounts of non-financial assets other than biological assets, investment property, inventories and deferred tax assets are reviewed at each balance sheet date to determine if there is any indication of impairment. If such an indication occurs, then the recoverable value of the asset is estimated. In the case of goodwill, the recoverable amount is tested annually.

For impairment tests, assets are grouped into Cash Generating Units (CGUs), that is, in the smallest possible group of assets that generates cash inflows due to their continuous use, which are largely independent of the inputs of cash from other assets or UGCs. Goodwill of business combinations is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the higher of its value in use and its fair value less costs to sell. The value in use is based on estimated future cash flows discounted to present value using a pre-tax discount rate that reflects the current market valuations of the time value of money and the specific risks of the asset or the UGC.

An impairment loss is recognized if the carrying amount of the asset or CGU exceeds its recoverable value.

Impairment losses are recognized in income. Recognized losses on CGUs are initially allocated to reduce any goodwill allocated to this CGU (or group of CGUs), and then to reduce the carrying amount of the other CGU assets (or CGU group) on a pro rata basis.

A goodwill impairment loss is not reversed. As for other assets, impairment losses are reversed only to the extent that the new carrying amount of the asset does not exceed the book value that would have been calculated, net of depreciation or amortization, if the loss of value had not been recognized.

p. Revenue

The Company initially adopted CPC 47 as of January 1, 2018. Information on the Company's accounting policies related to contracts with customers is provided in note 27. The effect of the initial application of CPC 47 is described in note 7.

q. Lease

Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

r. Finance income and costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as 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

s. Income tax

The Company is composed by entities that are on the real profit regime and on the presumed tax regime.

The current and deferred income tax and social contribution are calculated on the basis of the following rates: 15% with an additional of 10% over the taxable profit exceeding R\$ 240 (two hundred and forty thousand Brazilian Reais) for the income tax and 9% over the taxable profit for social contribution and it takes into consideration the compensation of tax losses and the negative base of social contribution limited to 30% of the annual taxable profit.

The expenses with income tax and social contribution comprise current and deferred income taxes. The current tax and the deferred tax are recognized in the income unless they are related to items directly recognized in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized taking into consideration the aliquots that are expected to be used in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be performed.

In the determination of current and deferred income taxes entities take into consideration the impact of uncertainties related to tax positions taken and if the payment of an additional income tax and interest is necessary.

t. Pension plan and health plan

The subsidiary of the Company sponsors a defined benefit pension plan for its employees and managed by BB Previdência - Fundo do Pensão do Banco do Brasil. The subsidiary of the Company's contributions are determined on an actuarial basis and recorded on the accrual basis

The cost of defined benefit retirement plans and other post-employment medical benefits and the present value of the retirement obligation are determined using actuarial valuation methods. Actuarial valuation involves the use of assumptions about discount rates, expected asset return rates, future salary increases, mortality rates, and future increases in pension and pension benefits. The defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each base date. In determining the appropriate discount rate, Management considers the interest rates of debentures issued by corporations with high solvency and National Treasury securities maturing for the duration of the defined benefit obligation. The quality of the securities is reviewed, and those with an excessive credit spread are excluded from the stock of securities which are used to identify the interest rate. The mortality rate is based on mortality tables available in the country. Future increases in wages and pension and pension benefits are based on expected future inflation rates for the country. For more details on the assumptions used, see Note 32.

The benefit of retirement supplementation is: (i) real benefit salary (simple arithmetic mean of the last 12 wages actually received by the active participant, excluding the 13th salary, corrected monthly by INPC (National Consumer Price Index), discounted the anticipations); less (ii) value of the Arysta pension unit, estimated at the valuation date; and proportional to (iii) credited service, that is, the period of uninterrupted or uninterrupted service of a participant in the sponsor on the date of his / her retirement, limited to 25 years.

Minimum requirements to obtain the benefit:

- 60 years of age;
- 10 years of service credited;
- 5 years of commitment to the plan;
- Granting of the benefit by Social Security.

These benefits are classified, according to the definitions of the standards established by the Accounting Pronouncements Committee, through technical pronouncement CPC 33-R1, as defined benefits. Therefore, the financial statements must follow the formalistic and measurement and disclosure requirements established for benefits of this nature.

With the adoption of the standards established by CPC 33 R1, actuarial gains and losses are recognized immediately in the period in which they occur in "Other comprehensive income" - shareholders' equity account.

u. Rural credit operations

The Company maintains contracts with financial institutions related to rural credit operations (cash sales with financing from financial institutions direct to the buyer with guarantee from the Company), made with its preferred customers and recorded in the balance sheet in liability accounts as the Company the guarantor of these operations.

8 New standards and interpretations not yet effective

The following new standard and interpretation of standard was issued by the IASB but is not yet in effect for the period ended March 31, 2019. The early adoption of standards, although accepted by the IASB, is not permitted in Brazil by the Accounting Pronouncements Committee (CPC).

CPC 06 (R2) - "Leasing Operations"

CPC 06 (R2) introduces a single model for the accounting of leases in the balance sheet for tenants. A lessee recognizes a right of use asset that represents his right to use the leased asset and a lease liability that represents his obligation to make lease payments. Optional exemptions are available for short-term leases and low value items. The lessor's accounting remains similar to the current standard, that is, lessors continue to classify leases as financial or operating.

CPC 06 (R2) replaces existing leasing standards, including CPC 06 (IAS 17), Leasing Operations and ICPC 03 (IFRIC 4, SIC 15 and SIC 27), and is effective for periods beginning on or after April 1, 2019. Early adoption under IFRS is permitted only for entities that apply IFRS 15 (CPC 47) on or before the initial application date of CPC 06 (R2).

In light of the above mentioned accounting standard, the most significant impact identified is that the Company will recognize the lease liability and the right to use asset at the date of the initial application for leases previously classified as operating leases, retrospectively, with cumulative effect. The Company will use as a practical expedient the use of a single discount rate to the lease portfolio with similar characteristics, however considering the residual useful life of each contractual and the definition if the rate should be nominal or real.

There are still technical discussions that may have a significant impact on the initial effects of adopting the referred standard, such as the treatment of tax credits in the determination of liabilities. In the calculation scenario, without the effect of tax credits, the initial measurement of lease liabilities and rights-of-use assets is estimated in R\$ 12,000 on the Consolidated.

The Company opted for the cumulative effect approach as a transition methodology, that is, without the need to restate comparative information. Calculations will be based on the lease liability on the transition date.

There are no CPC standards or ICPC interpretations, other than those mentioned above, that came into force and that according to the current understanding of Management could bring significant impacts to the Company.

Some new standards and amendments will be effective for fiscal years beginning after April 1, 2019 and have not been adopted in the preparation of these financial statements.

9 Cash and cash equivalents

	Parent company		Consolidated
	2019	2018	2019
Cash on hand	612	646	619
Bank	12,884	433	15,308
Short-term investments	242,769	44,591	258,766
	256,265	45,670	274,693

Short-term investments refer to Bank Deposit Certificates (CDB), with a yield equivalent to 75% to 99% of the Interbank Deposit Certificate (CDI).

Details about credit risk, interest rate and other risks related to those assets are reported on note 23.

(i) Short-term investments

Refers to the amount received from the bank Rabobank and corresponding to the remaining percentage of the securities traded and partially received. The amount is in an exclusive bank account and the Company only has the option to apply the amount financially. Redemption is permitted only upon receipt of the entire portfolio.

10 Trade accounts receivable with third parties

	Parent company		Consolidated
	2019	2018	2019
Domestic customers	1,422,022	1,041,914	2,315,233
Present value adjustment	(48,153)	(42,514)	(72,362)
Sub-total	1,373,869	999,400	2,242,871
Impairment loss for impairment of accounts receivable and contract assets of accounts receivable and contract assets	(92,145)	(92,708)	(359,170)
	1,281,724	906,692	1,883,701
Current	1,279,812	906,121	1,854,281
Non-current	1,658	571	29,166

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

	Parent company		Consolidated
	2019	2018	2019
Opening balance, net	92,708	87,909	92,708
Impairment loss for impairment of accounts receivable and contract assets of accounts receivable and contract	21,398	33,687	185,476
Reversals	(21,961)	(28,888)	(83,465)
Arysta's acquisition	-	-	164,451
Closing balance, net	92,145	92,708	359,170

Present value adjustment

The adjustment to present value in the amount of R\$ 51,339 and R\$ 75,548 consolidated as of March 31, 2019 (R\$ 42,538 as of March 31, 2018) 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 0.58% per month (0.76% in 2018), based on effective discount rate used by the Company on its revenue transactions.

Credit assignment without recourse

During the year ended March 31, 2019, the Company conducted trade receivables credits assignment without recourse in the amount of R\$ 397,007 and R\$ 739,445 consolidated (R\$ 267,923 as of March 31, 2018) and incurred in finance expenses on credits assignment of R\$ 27,587 and R\$ 114,492 consolidated (R\$ 20,854 as of March 31, 2018), recorded as “Finance expenses” in the statement of income for the year ended. The following transactions has been derecognized:

Fundo de Investimento em Direitos Creditórios UPL 1 - FIDC

As of March 31, 2019, the Company assigned trade receivable credits in the amount R\$ 298,893 to FIDC and derecognized such receivable considering that no significant risks was held by the Company after the assignment. The Company have no decisions power over FIDC nor the ability to affect the returns of the quotas.

The Company exposure to currency and credit risk and impairment related to trade accounts receivable and other accounts are reported on note 23.

Non-recourse factoring transaction

The transaction consists of the anticipation of the receivables which is carried out by Arysta with a financial institution making between 67% and 77% of the value of the portfolio of forward sales issued by Arysta to its customers.

As of March 31, 2019, the subsidiary of the Company assigned trade receivable credits in the amount R\$ 342,438 to the financial institution and derecognized such receivable considering that no significant risks was held by the subsidiary of the Company after the assignment.

The Company exposure to currency and credit risk and impairment related to trade accounts receivable and other accounts are reported on note 23.

11 Inventories

	Parent company		Consolidated
	2019	2018	2019
Finished goods	165,911	242,256	498,747
Raw materials	48,843	21,979	118,598
Imports in transit	159,379	31,942	268,962
Production in preparation	-	-	5,392
(+/-) Provision for net realizable value of finished goods	(10,411)	(11,348)	(14,060)
	363,722	284,829	877,639

As of March 31, 2019, the Company recorded a provision for net realizable value of finished goods of R\$ 10,411 and R\$ 14,060 consolidated (R\$ 11,348 as of March 31, 2018), 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:

	Parent company	Consolidated
Balance as at April 1, 2017	9,888	9,888
Recognition of provision	<u>1,460</u>	<u>1,460</u>
Balance as at March 31, 2018	11,348	11,348
Recognition of provision	<u>(937)</u>	<u>2,712</u>
Balance as at March 31, 2019	<u><u>10,411</u></u>	<u><u>14,060</u></u>

As of March 31, 2019 and 2018, the Company did not have inventories pledged as collateral to secure the Company's financing.

12 Advances to suppliers with related parties

Refers to advances to the subsidiary Arysta Lifescience do Brasil Indústria Química e Agropecuária S.A. in March, as mentioned in Note 25.

13 Debentures - Parent company and Consolidated

	2019	2018
3 ^a issue	-	96,930
Interest	<u>-</u>	<u>6,657</u>
Total	<u><u>-</u></u>	<u><u>103,587</u></u>

At July 25, 2017, the Company issued the third issuance of 96,930,360 simple, non-convertible debentures of unsecured kind, with additional real and personal guarantees, to be collated in kind with a real guarantee, with additional personal guarantee, in single series. The unit value of the debentures is R\$ 1, totaling R\$ 96,930, remunerated for 100% of the variation of CDI + 2.50% per year.

Type	2017	Additions	Interest	2018
Debentures	<u>-</u>	<u>96,930</u>	<u>6,657</u>	<u>103,587</u>
Total	<u><u>-</u></u>	<u><u>96,930</u></u>	<u><u>6,657</u></u>	<u><u>103,587</u></u>
Type	2018	Interest	Cash receipt	2019
Debentures	<u>103,587</u>	<u>9,215</u>	<u>(112,802)</u>	<u>-</u>
Total	<u><u>103,587</u></u>	<u><u>9,215</u></u>	<u><u>(112,802)</u></u>	<u><u>-</u></u>

14 Income tax and social contribution

Current income tax

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

	Parent company		Consolidated
	2019	2018	2019
Income before income tax and social contribution	(94,822)	26,560	(107,213)
Equity in income of subsidiaries	31,139	-	-
	(63,683)	26,560	(107,213)
Permanent differences - Technology Innovation Incentives	(20,714)	-	(20,714)
Permanent differences - Others	6,260	8,937	17,500
Interest on own capital	(13,422)	-	-
(=) Adjusted basis	(91,559)	35,497	(110,427)
Income tax and social contribution - current and deferred	30,888	(12,045)	38,618
(*) Effective rate	34%	34%	35%

Breakdown of deferred income tax

As of March 31, 2019 and 2018, the Company recognized deferred income tax and social contribution on temporary differences as follows:

	Parent company		Consolidated
	2019	2018	2019
Tax benefit from the merger of United (a)	21,901	33,328	21,901
Provision for labour, civil and tax risks	694	563	694
Allowance for doubtful accounts receivable	12,911	26,116	68,299
Adjustment to present value on trade accounts receivable	9,603	14,463	17,834
Adjustment to present value on trade accounts receivable with related parties	(480)	248	(480)
Provision for service providers	19,455	9,788	19,455
Provision for net realizable value of inventories	3,540	3,859	4,781
Impairment of intangible assets	1,158	1,472	3,784
Derivative financial instruments at the fair value	(5,364)	(422)	(5,364)
Impairment of recoverable taxes	4,970	4,999	4,970
Exchange rate customer, loans, suppliers	51,280	6,950	51,280
Provision for punctuality discount	992	296	6,304
Provision of freight and other services	4,414	3,329	4,414
Others temporary differences	11,399	8,781	15,319
Adjustment to present value on trade payables	1,194	265	1,034
Adjustment to present value on forfeiting	3,606	(3,018)	3,606
Adjustment to present value on related parties	(9,600)	(5,407)	(9,600)
Exchange rate customer, loans, suppliers	-	-	(685)
Interest provision on loan with related party	360	(7,523)	360
Amortization of goodwill	-	-	(29,658)
Provision for return of goods	-	-	4,978
Provisions for rebates	-	-	14,844

*UPL do Brasil Indústria e
Comércio de Insumos
Agropecuários S.A.
Financial Statements for
year ended March 31, 2019*

	<u>Parent company</u>		<u>Consolidated</u>
	2019	2018	2019
Provisions of health plans	-	-	4,665
Tax credit arising from tax loss	-	-	25,253
	<u>132,033</u>	<u>98,087</u>	<u>227,988</u>

- (a) Refers to the goodwill tax benefit, net of the provision for the difference between its value and the tax benefit generated by its amortization arising from the merger of United as discussed in Note 14.

See as follow the movement of deferred taxes and the effect in the income:

	<u>Parent company</u>				
	2017	Effect on the income	2018	Effect on the income	2019
Tax benefit from the merger of United (a)	44,757	(11,429)	33,328	(11,427)	21,901
Provision for labour, civil and tax risks	533	30	563	131	694
Allowance for doubtful accounts receivable	24,484	1,632	26,116	(13,205)	12,911
Adjustment to present value on trade accounts receivable	20,252	(5,789)	14,463	(4,860)	9,603
Adjustment to present value on trade accounts receivable with related parties	253	(5)	248	(728)	(480)
Provision for service providers	15,779	(5,991)	9,788	9,667	19,455
Provision for net realizable value of inventories	3,501	358	3,859	(319)	3,540
Impairment of intangible assets	371	1,101	1,472	(314)	1,158
Derivative financial instruments at the fair value	3,209	(3,631)	(422)	(4,942)	(5,364)
Impairment of recoverable taxes	3,402	1,597	4,999	(29)	4,970
Exchange rate customer, loans, suppliers	3,414	3,536	6,950	44,330	51,280
Provision for punctuality discount	322	(26)	296	696	992
Provision of freight and other services	3,155	174	3,329	1,085	4,414
Others temporary differences	820	7,961	8,781	2,617	11,399
Adjustment to present value on trade payables	(731)	996	265	929	1,194
Adjustment to present value on forfeiting	(3,009)	(9)	(3,018)	6,624	3,606
Adjustment to present value on related parties	(11,493)	6,086	(5,407)	(4,193)	(9,600)
Exchange rate customer, loans, suppliers	-	-	-	-	-
Interest provision on loan with related party	(5,833)	(1,690)	(7,523)	7,883	360
Amortization of goodwill	-	-	-	-	-
Provision for return of goods	-	-	-	-	-
Provisions for rebates	-	-	-	-	-
Provisions of health plans	-	-	-	-	-
Tax credit arising from tax loss	(97)	97	-	-	-
	<u>103,089</u>	<u>(5,002)</u>	<u>98,087</u>	<u>33,945</u>	<u>132,033</u>

	<u>Consolidated</u>			
	2018	Arysta's acquisition	Effect on the income	2019
Tax benefit from the merger of United (a)	33,328	-	(11,427)	21,901
Provision for labour, civil and tax risks	563	-	131	694
Allowance for doubtful accounts receivable	26,116	52,956	(10,773)	68,299
Adjustment to present value on trade accounts receivable	14,463	11,758	(8,387)	17,834
Adjustment to present value on trade accounts receivable with related parties	248	-	(728)	(480)

	Consolidated			
	2018	Arysta's acquisition	Effect on the income	2019
Provision for service providers	9,788	-	9,667	19,455
Provision for net realizable value of inventories	3,859	74	848	4,781
Impairment of intangible assets	1,472	2,626	(314)	3,784
Derivative financial instruments at the fair value	(422)	-	(4,942)	(5,364)
Impairment of recoverable taxes	4,999	-	(29)	4,970
Exchange rate customer, loans, suppliers	6,950	-	44,330	51,280
Provision for punctuality discount	296	6,419	(411)	6,304
Provision of freight and other services	3,329	-	1,085	4,414
Others temporary differences	8,781	6,013	524	15,319
Adjustment to present value on trade payables	265	(446)	1,215	1,034
Adjustment to present value on forfeiting	(3,018)	-	6,624	3,606
Adjustment to present value on related parties	(5,407)	-	(4,193)	(9,600)
Exchange rate customer, loans, suppliers	-	5,568	(6,253)	(685)
Interest provision on loan with related party	(7,523)	-	7,883	360
Amortization of goodwill	-	(27,861)	(1,797)	(29,658)
Provision for return of goods	-	5,837	(859)	4,978
Provisions for rebates	-	18,526	(3,682)	14,844
Provisions of health plans	-	4,571	94	4,665
Tax credit arising from tax loss	-	2,184	23,069	25,253
	<u>98,087</u>	<u>88,225</u>	<u>41,675</u>	<u>227,988</u>

The Company, based on projections of future taxable profits approved by Management, recognized deferred income tax and social contribution on temporarily taxable and non-deductible differences, 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.

15 Investments

The list below shows the equity that the Company has in its subsidiary, which is presented as investments in the financial statements.

	<u>Equity interest - %</u>		Operating activities	Carrying amount - 2018
	2019	2018		
DVA Technology Argentina S.A. ("DVA Argentina") (a)	<u>-</u>	<u>100.00</u>	Provision of services related to the obtaining of registration of chemicals in general, especially agricultural products, and laboratory synthesis and development of product formulations in general	<u>-</u>
Arysta Lifescience of Brasil Indústria Química e Agropecuária S.A.	<u>86.98</u>	<u>-</u>	The purpose the import, export, industry, trade and representations of insecticides, fungicides, herbicides , fertilizers, chemical and agricultural products, industrial, machinery, implements and industrial and agricultural accessories, provision of technical services and application of agricultural defenses and agricultural industry, for companies in the agricultural sector. The Company has a factory in Salto de Pirapora, near the city of São Paulo, where modern technology of agricultural pesticides production is used.	<u>1,562,957</u>
Fundo de Investimento em Direitos Creditórios UPL 1 ("FIDC")	<u>5.00</u>	<u>5.00</u>	In December 2017, UPL, with the assistance of Rabobank International Bank S.A., structured the Fundo de Investimento em Direitos Creditórios UPL 1 ("FIDC"). The FIDC was not constituted with a certain fixed group of receivables, but the UPL can assign receivables up to a maximum balance of R\$ 300,000 of receivables. The main purpose of the operation is the anticipation of working capital of accounts receivable from UPL clients. Until March 31, 2019, the total amount of UPL receivables transferred to FIDC reached R\$ 298,893. The Company did not consolidate this entity because is not exposed to the variability of the FIDC's return and does not have control over decisions on significant operations on the entity.	<u>15,000</u>
	<u>-</u>	<u>-</u>		<u>1,577,957</u>

(a) On March 26, 2019 the subsidiary DVA Technology Argentina S.A. was closed.

The list below shows the equity that the Company has in its subsidiary, which is presented as investments in the financial statements:

	2019		2018
	Arysta Direct investment	DVA Tech Direct investment	DVA Tech Direct investment
Total assets	1,649,290	-	23
Total liabilities	1,028,082	-	-
Equity	621,208	-	23
Share capital	320,454	-	3
Net revenue	88,254	-	-
Loss for the year	(18,276)	-	-
Number of shares	9,741,267	-	20,000
Number of shares held	8,472,954	-	20,000
Equity interest percentage	86.98%	-	100.00%

The change in investment during the period is as follows:

Arysta								
Allocation of goodwill on acquisition								
	Cost	Goodwill Note 2	Inventories	Property, plant and equipment	Intangible assets	Available for sale asset	Contingent liabilities	Total
Balance at April 1, 2018	-	-	-	-	-	-	-	-
Acquisition	556,224	681,033	37,641	41,029	541,850	4,447	(128,977)	1,733,247
Arysta's goodwill reversed	-	(135,521)	-	-	-	-	-	(135,521)
Depreciation and amortization and/or reversal of goodwill allocation	-	-	(8,281)	(699)	(6,262)	-	-	(15,242)
Equity pick up for the year	(15,897)	-	-	-	-	-	-	(15,897)
Balance at March 31, 2019	<u>540,327</u>	<u>545,512</u>	<u>29,360</u>	<u>40,330</u>	<u>535,588</u>	<u>4,447</u>	<u>(128,977)</u>	<u>1,566,587</u>

16 Property, plant and equipment

a. Parent company

Cost	Average depreciation rate %	Balance at April 1, 2017	Acquisitions	Disposals	Transfers	Balance at March 31, 2018
Land	-	5,727	-	-	-	5,727
Buildings	3	32,098	543	(2)	8,557	41,196
Machinery and equipment	9	20,177	1,196	(174)	10,210	31,409
Vehicles	22	21,358	4,805	(3,641)	-	22,522
Furnitures and fixtures	10	2,352	90	-	12	2,454
Computers and peripherals	21	3,783	612	(171)	21	4,245
Leasehold improvements	10	588	12	-	-	600
Communication equipment	10	284	1	-	-	285
Facilities	10	3,226	116	-	4,025	7,367
Property, plant and equipment in progress	-	16,643	10,093	(70)	(22,825)	3,841
		<u>106,236</u>	<u>17,468</u>	<u>(4,058)</u>	<u>-</u>	<u>119,646</u>
Depreciation						
Buildings		(6,782)	(1,161)	-	-	(7,943)
Machinery and equipment		(6,346)	(1,999)	61	-	(8,284)
Vehicles		(6,792)	(5,173)	2,547	-	(9,418)
Furnitures and fixtures		(1,204)	(227)	12	-	(1,419)
Computers and peripherals		(1,838)	(702)	125	-	(2,415)
Leasehold improvements		(381)	(72)	-	-	(453)

**UPL do Brasil Indústria e
Comércio de Insumos
Agropecuários S.A.**
Financial Statements for
year ended March 31, 2019

Cost	Average depreciation rate %	Balance at April 1, 2017	Acquisitions	Disposals	Transfers	Balance at March 31, 2018
Communication equipment		(163)	(24)	-	-	(187)
Facilities		(911)	(275)	-	-	(1,186)
		<u>(24,417)</u>	<u>(9,633)</u>	<u>2,745</u>	<u>-</u>	<u>(31,305)</u>
Property, plant and equipment, net		<u>81,819</u>				<u>88,341</u>

Cost	Average depreciation rate %	Balance at April 1, 2018	Acquisitions	Disposals	Transfers	Balance at March 31, 2019
Land	-	5,727	-	-	-	5,727
Buildings	3	41,196	618	-	-	41,814
Machinery and equipment	9	31,409	411	(35)	-	31,785
Vehicles	22	22,522	8,375	(2,383)	-	28,514
Furnitures and fixtures	10	2,454	148	(23)	-	2,579
Computers and peripherals	21	4,245	792	(139)	-	4,898
Leasehold improvements	10	600	-	-	-	600
Communication equipment	10	285	8	(4)	-	289
Facilities	10	7,367	70	-	-	7,437
Property, plant and equipment in progress		3,841	6,724	(16)	-	10,549
		<u>119,646</u>	<u>17,146</u>	<u>(2,600)</u>	<u>-</u>	<u>134,192</u>

Depreciation						
Buildings		(7,943)	(1,398)	-	-	(9,341)
Machinery and equipment		(8,284)	(2,958)	8	-	(11,234)
Vehicles		(9,418)	(5,479)	1,891	-	(13,006)
Furnitures and fixtures		(1,419)	(347)	17	-	(1,749)
Computers and peripherals		(2,415)	(771)	91	-	(3,095)
Leasehold improvements		(453)	(202)	-	-	(655)
Communication equipment		(187)	(21)	4	-	(204)
Facilities		(1,186)	(584)	-	-	(1,770)
		<u>(31,305)</u>	<u>(11,760)</u>	<u>2,011</u>	<u>-</u>	<u>(41,054)</u>

Property, plant and equipment, net 88,341 93,138

b. Consolidated

Cost	Average depreciation rate %	Balance at April 1, 2018	Acquisitions	Disposals	Transfers	Arysta's Acquisition	Balance at March 31, 2019
Land	-	5,727	-	-	-	17,698	23,425
Buildings	3	41,196	692	-	-	31,138	73,026
Machinery and equipment	9	31,409	998	(60)	-	51,660	84,007
Vehicles	22	22,522	8,375	(2,383)	-	2,473	30,987
Furnitures and fixtures	10	2,454	148	(23)	-	2,102	4,681
Computers and peripherals	21	4,245	898	(139)	-	7,735	12,739
Leasehold improvements	10	600	-	-	-	-	600
Communication equipment	10	285	8	(4)	-	-	289
Facilities	10	7,367	234	-	-	20,861	28,462
Advances for acquisition of property, plant and equipment		-	-	(423)	-	2,179	1,756
Property, plant and equipment in progress		3,841	7,514	(16)	-	5,201	16,540
		<u>119,646</u>	<u>18,867</u>	<u>(3,048)</u>	<u>-</u>	<u>141,047</u>	<u>276,512</u>

Depreciation							
Buildings		(7,943)	(1,936)	(95)	-	(4,428)	(14,403)
Machinery and equipment		(8,284)	(3,113)	(616)	-	(18,743)	(30,756)
Vehicles		(9,418)	(5,479)	1,813	-	(951)	(14,035)
Furnitures and fixtures		(1,419)	(346)	(10)	-	(1,130)	(2,905)
Computers and peripherals		(2,415)	(881)	(33)	-	(4,066)	(7,395)
Leasehold improvements		(453)	(202)	-	-	-	(655)
Communication equipment		(187)	(21)	4	-	-	(204)
Facilities		(1,186)	(584)	(182)	-	(5,076)	(7,028)
		<u>(31,305)</u>	<u>(12,563)</u>	<u>881</u>	<u>-</u>	<u>(34,393)</u>	<u>(77,380)</u>

Property, plant and equipment, net 88,341 199,133

Collaterals

As of March 31, 2018, the Company held the amount of R\$ 2,845 related to machinery, equipment and vehicles collateralized under financing and finance leases. In 2019 the company do not held any collaterals.

17 Intangible assets

Parent company						
	Annual amortization rate - %	March 31, 2019			March 31, 2018	
		Cost	Accumulated amortization	Impairment	Net	Net
Trademarks, patents and licenses in use	20%	109,605	(72,289)	(3,406)	33,910	51,239
Trademarks, patents and licenses under approval	-	61,707	-	-	61,707	45,213
Software licenses	20%	3,517	(2,299)	-	1,218	1,409
Total		<u>174,829</u>	<u>(74,588)</u>	<u>(3,406)</u>	<u>96,835</u>	<u>97,861</u>

Consolidated						
	Annual amortization rate - %	March 31, 2019				
		Cost	Accumulated amortization	Impairment	Net	
Goodwill	-	782,976	-	-	782,976	
Customer relationship	5.88 %	353,200	(4,205)	-	348,995	
Trademarks, patents and licenses in use	20% and 7.14%	419,113	(79,042)	(3,406)	336,665	
Trademarks, patents and licenses under approval	-	61,707	-	-	61,707	
Software licenses	20%	17,927	(12,451)	-	5,476	
Total		<u>1,634,923</u>	<u>(95,698)</u>	<u>(3,406)</u>	<u>1,535,819</u>	

The changes in intangible assets are summarized as follow:

	Parent company		Consolidated
	2019	2018	2019
Opening balance, net	97,861	90,915	97,861
Additions (a)	15,446	26,618	15,806
Disposals	-	(297)	(25)
Impairment loss	(991)	(3,242)	(991)
Amortization	(15,481)	(16,133)	(23,057)
Arysta's acquisition	-	-	1,446,225
Closing balance, net	<u>96,835</u>	<u>97,861</u>	<u>1,535,819</u>

- (a) Refers to the addition of licenses under approval acquired to increase the Company's portfolio of products.

18 Borrowings and financing

	Currency	Annual finance charges	Final maturity	Parenty company		Consolidated
				2019	2018	2019
FINAME	BRL	6,00% to 17,60% p.y.	2022	1,541	2,543	1,541
Finance lease	BRL	13,89% ato 16,58% p.y.	2018	-	330	-
Import financing	BRL	3,26% to 4,01%	2017	-	-	266,253
Letter of credit	BRL	0,75% p.y.	2019	49	-	49
Working capital	BRL	6,54%	2019	-	-	30,000
Farmers bond ("Rural credit")	BRL	7,00% p.y. to 10,85% p.y.	2020	18,505	6,800	18,505
				<u>20,095</u>	<u>9,673</u>	<u>316,348</u>
Current liabilities				19,269	8,139	315,522
Non-current liabilities				826	1,534	826

Below are presented the movements of borrowings and financings of the year ended March 31, 2019:

Parenty company

	Balance at April 1, 2018	New borrowings	Payments	Interest paid	Foreign exchange	Interest	Balance at March 31, 2019
FINAME	2,543	(13)	(793)	(203)	-	6	1,540
Finance lease	330	-	(306)	(23)	-	-	1
Import financing	-	127,710	(119,588)	(6,694)	(1,428)	-	-
Letter of credit	-	49	-	-	-	-	49
Working capital	-	-	-	-	-	-	-
Farmers bond ("Rural credit")	6,800	21,061	(9,661)	(6)	-	311	18,505
	<u>9,673</u>	<u>148,807</u>	<u>(130,348)</u>	<u>(6,926)</u>	<u>(1,428)</u>	<u>317</u>	<u>20,095</u>

Consolidated

	Balance at April 1, 2018	Arysta's Acquisition	New borrowings	Payments	Interest paid	Foreign exchange	Interest	Balance at March 31, 2019
FINAME	2,543	-	(13)	(793)	(203)	-	6	1,540
Forfating	-	5,902	10,889	(17,040)	-	248	-	(1)
Finance lease	330	-	-	(292)	(23)	-	(14)	1
Import financing	-	198,237	178,201	(119,588)	(6,694)	14,232	1,865	266,253
Letter of credit	-	-	-	-	-	-	49	49
Working capital	-	-	30,000	(338)	-	-	338	30,000
Farmers bond ("Rural credit")	6,800	-	21,061	(9,661)	(6)	-	312	18,506
	<u>9,673</u>	<u>204,139</u>	<u>240,138</u>	<u>(147,712)</u>	<u>(6,926)</u>	<u>14,480</u>	<u>2,556</u>	<u>316,348</u>

Collateral and guarantees

The Company has accounts receivable pledged as collateral for credit assignments with recourse and has machinery, equipment and vehicles collateralized under financing and finance leases, respectively.

Additionally, the agribusiness credit right certificates are collateralized by surety letter.

19 Forfeiting and credit letters transactions

	Parenty company		Consolidated
	2019	2018	2019
Forfeiting transactions	436,035	305,713	436,035
Credit letter transactions	5,745	10,276	5,745
Present value adjustment	(10,606)	(8,876)	(10,606)
Total	431,174	307,113	431,174

Present value adjustment

The adjustment to present value of purchases is recorded under line item “Forfeiting and credit letters transactions” (with a contra entry to line item “Inventories” and “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 0.58% per month (0.76% in 2018), which is based on effective discount rate applied by the supplier.

20 Vendor and rural credit

On March 31, 2019 the subsidiary of the Company kept letters of surety and sureties to financial institutions due to its clients' rural credit operations in the amounts of R\$ 139,325.

21 Trade payables to third parties

	Parenty company		Consolidated
	2019	2018	2019
Domestic suppliers	32,470	21,253	65,822
Foreign suppliers	3,248	13,223	81,931
Present value adjustment	(3,512)	(780)	(3,699)
	32,206	33,696	144,054

The Company's exposure to currency and liquidity risks related to suppliers is disclosed in note 23.

Present value adjustment

The adjustment to present value of purchases is recorded under line item “Trade payables” (with a contra entry to line item “Inventories” and “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 0.58% per month (0.76% in 2018), which is based on effective discount rate applied by the supplier.

22 Other accounts payable and provisions

	Parenty company		Consolidated
	2019	2018	2019
Rebates payable	30,450	11,934	90,958
Interest on own capital payable	-	-	37,264
Returns and discounts	-	-	30,266
Services rendered payable	7,974	-	7,974
Other payables	12,983	-	30,365
	51,407	11,934	196,827

23 Financial instruments

Financial assets and liabilities are stated in the financial statements at cost, plus income earned, less expenses incurred up to the end of the year, which approximate the fair value of transactions of similar nature and risks.

The main market risk factors affecting the Company's and its subsidiaries' businesses are as follows:

- Credit risk;
- Market risk
- Interest rate risk; and
- Cambial risk.

This note presents information on the exposure for each of the above risks, the Company's objectives, measurement policies and processes, risk management and capital management.

23.1 Credit risks

It arises from the possibility of the Company not receiving the amounts from sales. To mitigate the risk, the Company performs a detailed analysis of the financial situation of its clients, establishing a continuous monitoring of the outstanding balance of its counterparties

23.1.1 Exposure to credit risks

The book value of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the date of the financial statements was:

	Nota	Parenty company		Consolidated
		2019	2018	2019
Derivative financial instruments	23	15,778	1,242	15,778
Short-term investments (a)	9	242,769	44,591	268,321
Trades accounts receivable with third parties (b)	10	1,281,470	906,692	1,883,447
Other		22,292	14,141	67,458
		1,562,309	966,666	2,235,004

a. Short-term investments

The amounts are held in first-tier financial institutions in order to minimize the credit risk brought about by these operations

b. Trade accounts receivable

Management seeks to mitigate the risk of default in its portfolio by periodically monitoring and evaluating its clients individually.

The criteria for accepting new clients include an analysis of the financial condition and socioeconomic profile, with definition of credit limits and terms of payment. The analysis of this information by the Company may include external ratings, when available, and bank references.

The credit limits are established for each customer, individually, and represent the maximum amount of exposure accepted for that customer. These limits are revised whenever necessary or requested. Customers who do not have approved credit limits are only serviced by prepayment. Due to the segment of the Company, there is a rare existence of losses due to default, however, whenever necessary, a provision for loss is established, analyzing each individual customer.

The composition by maturity class at the end of the reporting period was as follows:

	Parenty company		Consolidated
	2019	2018	2019
Falling due - in days			
0 - 30	64,954	50,478	116,240
31 - 60	220,981	176,435	386,944
61 - 90	69,696	64,393	118,636
91 - 180	388,782	296,398	766,139
181 - 360	572,367	324,061	572,367
> 360	1,912	439	1,912
	1,318,692	912,204	1,962,238
Overdue - in days:			
0 - 30	18,336	12,046	42,946
31 - 60	195	198	938
61 - 90	-	182	66
91 - 180	-	10	11,262
181 - 360	855	4,311	23,973
> 360	83,944	70,449	273,810
	103,330	87,196	352,995
	1,422,022	999,400	2,315,233

23.2 Market risks

It arises from the possibility of fluctuations in the market prices of the products sold or manufactured by the Company and other inputs used in the production process. Such price fluctuations may cause significant changes in revenues and costs of the Company. In order to mitigate these risks, the Company continuously monitors local and foreign markets, seeking to forecast changes in prices.

23.3 Interest rate risks

The risk arises from the possibility of the Company incurring losses due to fluctuations in interest rates that increase financial expenses related to loans and financing. Loans are controlled in terms of exposure and contracted rates, considering their nature, in order to avoid exposing the Company to excessive risks.

23.4 Currency risk

The risk arises from the possibility of the Company incurring cash losses or limitations due to fluctuations in interest rates, affecting the balance of assets (or liabilities) denominated in foreign currency.

23.5 Derivative financial instruments

As mentioned above, during the year ended March 31, 2019, the Company contracted derivatives to reduce the exposure of its obligations to foreign exchange variations, mainly in US dollars. As a result of the hedges acquired to reduce these exposures, during the year ended March 31, 2019, the Company recorded losses on hedge transactions in the amount of R\$ 130,207, recorded in the statement of income. As the hedged instrument is combined, in the case of accounts receivable, accounts payable loans and financing, the Company's management allocated the gain on hedge transactions above the average of the respective balances during the year ended March 31, 2019, as follows:

	Parent company		Consolidated	
	Average balance during the year ended March 31, 2019 R\$	Balance as of March 31, 2019 R\$	Average balance during the year ended March 31, 2019 R\$	Balance as of March 31, 2019 R\$
Balances denominated in foreign currency - U.S Dollars				
Operating activities				
Trade account receivables	481,618	652,589	1,206,931	1,315,741
Trade payables	(58,684)	(11,732)	(304,489)	(262,905)
Forfaiting and credit letter transactions	(327,639)	(441,770)	(333,440)	(441,770)
Related parties (liabilities)	(419,254)	(651,012)	(599,088)	(889,654)
	<u>(323,956)</u>	<u>(451,926)</u>	<u>(30,086)</u>	<u>(278,589)</u>
Operating exposure - liabilities				
Hedge gain (loss) on operating activities	-	(12,872)	-	(12,872)
Financing activities				
Borrowing and financing	-	-	(248,587)	(296,253)
Borrowing and financing - related parties	(854,974)	(1,870,416)	(898,961)	(1,916,294)
	<u>(854,974)</u>	<u>(1,870,416)</u>	<u>(1,147,548)</u>	<u>(2,212,547)</u>
Financing exposure - liabilities				
Hedge gain (loss) - Financing activities	-	(117,335)	-	(117,335)
Net exposure - liabilities	<u>(1,178,930)</u>	<u>(2,322,342)</u>	<u>(1,178,930)</u>	<u>(2,322,342)</u>
Total hedge gain (loss)	<u>-</u>	<u>(130,207)</u>	<u>-</u>	<u>(130,207)</u>

**UPL do Brasil Indústria e
Comércio de Insumos
Agropecuários S.A.**
Financial Statements for
year ended March 31, 2019

The average balances and balances as of March 31, 2019 for each item refer to amounts in reais of assets and liabilities denominated in US dollars.

At March 31, 2019, the position of the derivative financial instruments and the adjustment to fair value recorded in the balance sheet is as follows:

Transação	Maturity	Position	Fixed rate (US\$)	Notional amount	Fair value	Adjustment
NDF - U.S. Dollar	04/10/19	Long	3.9102	16,797	17,064	0,266
NDF - U.S. Dollar	04/12/19	Long	3.9516	23,712	23,434	(0,278)
NDF - U.S. Dollar	04/17/19	Long	3.4944	0,707	0,790	0,083
NDF - U.S. Dollar	04/17/19	Long	3.8695	16,305	16,463	0,158
NDF - U.S. Dollar	04/24/19	Long	3.5567	1,759	1,933	0,174
NDF - U.S. Dollar	04/24/19	Long	3.5577	1,799	1,978	0,180
NDF - U.S. Dollar	04/24/19	Long	3.9585	35,560	35,007	(0,552)
NDF - U.S. Dollar	04/26/19	Long	3.7147	14,876	15,665	0,789
NDF - U.S. Dollar	04/26/19	Long	3.9379	6,914	6,843	(0,072)
NDF - U.S. Dollar	05/03/19	Long	3.8114	3,148	3,218	0,071
NDF - U.S. Dollar	05/08/19	Long	3.6832	1,117	1,188	0,071
NDF - U.S. Dollar	05/10/19	Long	3.7473	25,675	26,841	1,166
NDF - U.S. Dollar	05/17/19	Long	3.7551	23,990	25,041	1,050
NDF - U.S. Dollar	05/22/19	Long	3.7922	25,014	25,865	0,852
NDF - U.S. Dollar	05/22/19	Long	3.7596	2,205	2,299	0,094
NDF - U.S. Dollar	05/24/19	Long	3.9840	10,688	10,528	(0,160)
NDF - U.S. Dollar	05/24/19	Long	3.7900	12,345	12,777	0,432
NDF - U.S. Dollar	05/29/19	Long	3.6795	3,169	3,379	0,209
NDF - U.S. Dollar	05/29/19	Long	3.7943	25,027	25,879	0,851
NDF - U.S. Dollar	06/07/19	Long	3.7117	42,392	44,832	2,440
NDF - U.S. Dollar	06/14/19	Long	3.7529	9,328	9,762	0,434
NDF - U.S. Dollar	06/14/19	Long	3.7555	28,872	30,198	1,326
NDF - U.S. Dollar	06/24/19	Long	3.8524	2,805	2,861	0,057
NDF - U.S. Dollar	06/26/19	Long	3.8608	19,304	19,662	0,358
NDF - U.S. Dollar	07/05/19	Long	3.8823	1,490	1,510	0,020
NDF - U.S. Dollar	07/05/19	Long	3.9214	18,439	18,422	(0,018)
NDF - U.S. Dollar	07/10/19	Long	3.8467	14,666	15,010	0,343
NDF - U.S. Dollar	07/10/19	Long	3.8470	9,673	9,899	0,226
NDF - U.S. Dollar	07/12/19	Long	3.9039	18,580	18,655	0,075
NDF - U.S. Dollar	07/17/19	Long	4.0006	0,809	0,797	(0,012)
NDF - U.S. Dollar	07/17/19	Long	3.8030	13,898	14,324	0,426
NDF - U.S. Dollar	07/17/19	Long	3.8710	49,573	50,449	0,876
NDF - U.S. Dollar	07/24/19	Long	3.8796	1,961	1,993	0,032
NDF - U.S. Dollar	07/26/19	Long	3.8861	2,008	2,037	0,029
NDF - U.S. Dollar	08/07/19	Long	3.8351	1,163	1,197	0,034
NDF - U.S. Dollar	08/21/19	Long	4.1218	2,417	2,369	(0,048)
NDF - U.S. Dollar	09/19/19	Long	4.2640	3,104	2,892	(0,212)
NDF - U.S. Dollar	10/16/19	Long	3.8279	0,774	0,802	0,028
NDF - U.S. Dollar	10/23/19	Long	3.8270	1,935	1,998	0,063
NDF - U.S. Dollar	10/25/19	Long	3.8214	1,932	2,007	0,075
NDF - U.S. Dollar	11/06/19	Long	3.8631	1,172	1,233	0,061
NDF - U.S. Dollar	11/22/19	Long	3.8553	2,261	2,323	0,062
NDF - U.S. Dollar	12/19/19	Long	4.0001	2,912	2,942	0,030
NDF - U.S. Dollar	12/27/19	Long	3.8580	97,067	100,335	3,267
NDF - U.S. Dollar	01/15/20	Long	3.8075	0,770	0,807	0,037
NDF - U.S. Dollar	01/22/20	Long	3.8648	1,954	2,019	0,065
NDF - U.S. Dollar	01/24/20	Long	3.8817	1,962	2,020	0,058
NDF - U.S. Dollar	02/05/20	Long	3.7750	1,145	1,212	0,066
NDF - U.S. Dollar	02/19/20	Long	3.8201	2,240	2,345	0,105
NDF - U.S. Dollar	03/19/20	Long	3.8869	2,830	2,920	0,090
Total			-	610,243	626,021	15,778

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 Company's positions impacted by the changes in interest rates.

Parent company

	Nominal R\$	Impact in a scenario of		Impact in a scenario of	
		25%	-25%	50%	-50%
Interest rate - CDI	6.34%	7.93%	4.76%	9.51%	3.17%
Borrowings with related parties	1,894,148	150,111	(90,067)	180,133	(60,044)
	<u>1,894,148</u>	<u>150,111</u>	<u>(90,067)</u>	<u>180,133</u>	<u>(60,044)</u>
Interest rate - TJLP	7.03%	8.79%	5.27%	10.55%	3.52%
FINAME	1,541	135	(81)	162	(54)
Impacto on the income	<u>1,895,689</u>	<u>150,247</u>	<u>(90,148)</u>	<u>180,296</u>	<u>(60,099)</u>

Consolidated

	Nominal R\$	Impact in a scenario of		Impact in a scenario of	
		25%	-25%	50%	-50%
Interest rate - CDI	6.34%	7.93%	4.76%	9.51%	3.17%
Import financing	266,253	21,101	(12,660)	25,321	(8,440)
Borrowings with related parties	1,940,026	153,747	(92,248)	184,496	(61,499)
Working capital	30,000	2,378	(1,427)	2,853	(951)
	<u>2,236,279</u>	<u>177,225</u>	<u>(106,335)</u>	<u>212,670</u>	<u>(70,890)</u>
Interest rate - TJLP	7.03%	8.79%	5.27%	10.55%	3.52%
FINAME	1,541	135	(81)	162	(54)
Impacto on the income	<u>2,237,820</u>	<u>177,361</u>	<u>(106,416)</u>	<u>212,833</u>	<u>(70,944)</u>

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% and 50% 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, and
- Investments with floating interest rate, without hedge.

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

b. Exchange rate 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.

Parent company

	Nominal R\$	Impact in a scenario of		Impact in a scenario of	
		25%	-25%	50%	-50%
Reference exchange rate - US\$	3.8967	4.8709	2.9225	5.8451	1.9484
Borrowings and financing in foreign currency	1,894,148	473,537	(473,537)	947,074	(947,074)
Financial liabilities in foreign currency	654,260	163,565	(163,565)	327,130	(327,130)
Financial assets in foreign currency	9,036	2,259	(2,259)	4,518	(4,518)
Impact on operating income	2,557,444	639,361	(639,361)	1,278,722	(1,278,722)

Consolidated

	Nominal R\$	Impact in a scenario of		Impact in a scenario of	
		25%	-25%	50%	-50%
Reference exchange rate - US\$	3.8967	4.8709	2.9225	5.8451	1.9484
Borrowings and financing in foreign currency	1,940,026	485,007	(485,007)	970,013	(970,013)
Financial liabilities in foreign currency	845,585	211,396	(211,396)	422,793	(422,793)
Financial assets in foreign currency	9,036	2,259	(2,259)	4,518	(4,518)
Impact on operating income	2,794,647	698,662	(698,662)	1,397,324	(1,397,324)

The table above shows the sensitivity of the Company'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 Reais.

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.: +/- 25% and 50% 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; and
- 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 are show below:

2019	Parent Company			Fair value hierarchy
	Book value			
	Designated as at fair value	Amortized cost	Total	
Assets				
Cash and cash equivalents	242,769	13,496	256,265	Level 2
Trade accounts receivable with third parties	-	1,281,470	1,281,470	
Trade accounts receivable with related parties	-	7,908	7,908	
Derivative financial instruments	15,778	-	15,778	Level 2
Other current assets		22,291	22,291	
	258,547	1,325,165	1,583,712	
Liabilities				
Borrowings and financing	-	20,095	20,095	Level 2
Borrowings with related parties	-	1,894,148	1,894,148	Level 2
Forfaiting and credit letters transactions	-	431,174	431,174	
Trade payables to third parties	-	32,306	32,306	
Trade payables to related parties	-	628,087	628,087	
Other payables	-	56,547	56,547	
	-	3,068,527	3,068,527	
2018	Parent Company			Fair value hierarchy
	Book value			
	Designated as at fair value	Amortized cost	Total	
Assets				
Cash and cash equivalents	44,592	1,078	45,670	Level 2
Trade accounts receivable with third parties	-	906,692	906,692	
Trade accounts receivable with related parties	-	112,505	112,505	
Derivative financial instruments	1,242	-	1,242	Level 2

Parent Company				
2018	Book value			Fair value hierarchy
	Designated as at fair value	Amortized cost	Total	
Loan with related parties	-	64,719	64,719	
Debentures	-	103,587	103,587	
Other current assets	-	14,141	14,141	
	<u>45,834</u>	<u>1,202,722</u>	<u>1,248,556</u>	
Liabilities				
Borrowings and financing	-	9,673	9,673	Level 2
Borrowings with related parties	-	469,912	469,912	Level 2
Forfaiting and credit letters transactions	-	307,113	307,113	
Trade payables to third parties	-	33,696	33,696	
Trade payables to related parties	-	357,983	357,983	
Other payables	-	11,934	11,934	
	<u>-</u>	<u>1,190,311</u>	<u>1,190,311</u>	
Consolidated				
2019	Book value			Fair value hierarchy
	Designated as at fair value	Amortized cost	Total	
Assets				
Cash and cash equivalents	258,766	15,927	274,693	Level 2
Trade accounts receivable with third parties	-	1,883,447	1,883,447	
Trade accounts receivable with related parties	-	137,357	137,357	
Derivative financial instruments	15,778	-	15,778	Level 2
Other current assets	-	67,457	67,457	
	<u>274,544</u>	<u>2,104,189</u>	<u>2,378,733</u>	
Liabilities				
Borrowings and financing	-	316,348	316,348	Level 2
Borrowings with related parties	-	1,940,026	1,940,026	Level 2
Vendor and rural credit	-	139,325	139,325	
Forfaiting and credit letters transactions	-	431,174	431,174	
Trade payables to third parties	-	144,054	144,054	
Trade payables to related parties	-	749,242	749,242	
Other payables	-	122,883	122,883	
	<u>-</u>	<u>3,906,694</u>	<u>3,906,694</u>	

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 Company'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 Company 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 Company's financial liabilities and the contractual amortization as of March 31, 2019:

Parent company

	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, 2019
Borrowing and financing	19,023	640	270	-	19,933	20,095
Related parties	651,182	-	-	-	651,182	628,087
Related parties - borrowings	237,616	574,758	107,462	1,548,930	2,468,766	1,894,148
Trade payables	44,089	2,736	2,400	2,400	51,625	32,206
	951,910	578,134	110,132	1,551,330	3,191,506	2,574,536

Consolidated

	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, 2019
Borrowing and financing	315,276	640	270	-	316,186	316,348
Related parties	889,824	-	-	-	889,824	737,832
Related parties - borrowings	283,494	574,758	107,462	1,548,930	2,514,644	1,940,026
Trade payables	155,937	2,736	2,400	2,400	163,473	144,054
	1,644,531	578,134	110,132	1,551,330	3,884,127	3,138,260

24 Provision for judicial processes

Probable risks

As of March 31, 2019 the Company recognized a reserve for labour claims in the amount of R\$ 2,041 and R\$ 153,313 consolidated (R\$ 1,657 in 2018) 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. R\$ 148,283 of the consolidated amount refers to Arysta's acquisition.

Below are presented the main consolidated claims with a probable risk of losses:

Description	Consolidated amount
Unauthorized taxes credit taken by the Company	22,017
Infrations in the collection of Income Tax and Social Contribution	12,767
Execution action based on a private instrument of transaction, confession settlement and novation	6,779
Private instrument of debt confession	5,835
Infrations in the collection of Income Tax and Social Contribution	5,755
Private instrument of debt novation	5,403
Collection action based on trade bill	3,775
Private instrument of debt novation	3,247

Description	Consolidated amount
Execution action based on a private instrument of transaction, confession settlement and novation	2,813
Execution action based on a private instrument of transaction, confession settlement and novation	2,661
Private instrument of debt confession	2,472
Infrations in the collection of Income Tax and Social Contribution	2,469
Endorsed invoices	2,325
Administrative request of refund and offsetting of federal taxes	2,322
Electronic application for reimbursement contribution to Social Security Financing (COFINS)	
credits balance	2,192
Annulment of pawn	2,188
Others	68,295
	<hr/>
	153,313

Possible risks

The Company is part to various lawsuits that are at administrative or judicial level or in their initial stages, involving labour, tax and civil matters. The Company 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, 2019 and 2018 refer to labour lawsuits in which the Company are the defendants, involving mainly secondary liability of outsourced companies.

The Company is part to tax and civil lawsuits involving approximately R\$ 28,895 and R\$ 119,053 consolidated as of March 31, 2018 (R\$ 22,358 as of March 31, 2018) for which the assessment made by its legal counsel classifies the likelihood of loss as possible, reason why no provision was recorded by Management in the financial statements.

Below are presented the main consolidated claims with a possible risk of losses:

Description	Consolidated amount
Civil action related to remediation of contaminated area	70,896
Tax assessment notice ICMS regarding the application of the exemption to the technical product Glyphosate	18,734
Infraction Notice on PIS and COFINS importation	2,520
Others	26,903
	<hr/>
Total	119,053

Pursuant to prevailing legislation, the Company's 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 Company's management, based on the opinion of its legal counsel, understands there are no significant risks not covered by sufficient provisions in the financial statements or that might have a significant impact on the Company's future results.

25 Related parties transactions

Balances and transactions with related parties are summarized as follows:

Parent company

Balance sheet	March 31, 2019				March 31, 2018			
	Current assets	Non current assets	Current liabilities	Non current liabilities	Current assets	Non current assets	Current liabilities	Non current liabilities
Related Companies:								
UPL Europe (loan)	-	-	23,732	1,870,416	-	-	4,580	465,332
Advanta Comércio de Sementes Ltda.	1,277	-	-	-	622	-	-	-
RiceCo International Inc.	-	-	-	-	-	-	1,568	-
Decco Iberica Pos Cosecha S.A.U.	-	-	-	-	-	-	266	-
Decco Chile Spa	-	-	-	-	-	-	21	-
Serra Bonita Sementes AS	2,815	-	-	-	564	-	-	-
Sinagro Produtos Agropecuários Produtos S.A. (b)	47,996	-	-	-	66,016	-	1,288	-
Sinagro Produtos Agropecuários Produtos S.A. (loan) (c)	-	-	-	-	37,148	-	-	-
S3B Fundo de Investimento em Participações (d)	14,200	-	-	-	14,200	-	-	-
Seara Coml Agr Ltda.	2,463	-	-	-	2,987	-	-	-
3SB Produtos Agrícolas S.A. (loan) (c)	-	-	-	-	27,571	-	-	-
3SB Produtos Agrícolas S.A. (b)	2,134	-	-	-	26,184	-	-	-
Arysta Lifescience do Brasil	2,730	-	170	-	-	-	-	-
Adjustment to present value	(1,520)	-	-	-	(754)	-	(87)	-
	<u>72,095</u>	<u>-</u>	<u>23,902</u>	<u>1,870,416</u>	<u>174,538</u>	<u>-</u>	<u>7,636</u>	<u>465,332</u>
Previous Shareholders:								
DVA Empreendimentos (a)	-	-	10,366	-	-	-	13,414	-
DVA Agro GMBH (a)	-	-	11,343	-	-	-	18,963	-
	<u>-</u>	<u>-</u>	<u>21,709</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,377</u>	<u>-</u>
Controlling shareholders								

*UPL do Brasil Indústria e
Comércio de Insumos
Agropecuários S.A.
Financial Statements for
year ended March 31, 2019*

	March 31, 2019				March 31, 2018			
	Current assets	Non current assets	Current liabilities	Non current liabilities	Current assets	Non current assets	Current liabilities	Non current liabilities
Balance sheet								
United Phosphorus Limited, India (a)	2,253	-	-	-	2,686	-	-	-
UPL Limited, Mauritius	4,649	-	650,998	-	-	-	336,807	-
Uniphos Colombia Plant Limited	-	-	14	-	-	-	-	-
Ajuste a valor presente	-	-	(23,095)	-	-	-	(14,257)	-
	6,902	-	627,917	-	2,686	-	322,550	-
Interest on own capital to be paid								
Uniphos Indústria e Comércio de Prod. Quím. S.A.	-	-	7,561	-	-	-	-	-
United Phosphorus Holding, Brazil B.V.	-	-	3,849	-	-	-	-	-
Total	-	-	11,410	-	-	-	-	-
Total	79,079	-	685,021	1,870,416	177,224	-	362,563	465,332
Operation transactions	79,079	-	639,580	-	112,505	-	357,983	32,378
Loan	-	-	23,732	1,870,416	64,719	-	4,580	465,332
Others	-	-	21,709	-	-	-	32,377	-
Total	79,079	-	685,021	1,870,416	177,224	-	394,940	497,710

Consolidated

	March 31, 2019			
Balance sheet	Current assets	Non current assets	Current Liabilities	Non current liabilities
Related Companies:				
UPL Europe (loan)	-	-	23,732	1,870,416
Advanta Comércio de Sementes Ltda.	1,277	-	-	-
Serra Bonita Sementes AS	2,815	-	-	-
Sinagro Produtos Agropecuários Produtos S.A. (b)	47,996	-	-	-
S3B Fundo de Investimento em Participações (d)	14,200	-	-	-
Seara Coml Agr Ltda.	2,463	-	-	-
3SB Produtos Agrícolas S.A. (b)	2,134	-	-	-
Arysta Lifescience Argentina S.A	7,755	-	-	-
Arysta Lifescience Benelux	-	-	1,146	-
Arysta Lifescience Paraguay SR	42,091	-	-	-
Arysta Lifescience Bolívia	1,456	-	-	-
Arysta Lifescience South Africa Pty	109	-	-	-
Arysta Lifescience Chile S/A	171	-	-	-
Arysta Lifescience de Guatemala S/A	3,139	-	-	-
Arysta Lifescience Mexico	545	-	-	-
Arysta Lifescience Netherlands BV	-	-	3,091	-
Arysta Lifescience North America	5,824	-	53,271	-
Arysta Lifescience Corporation	-	-	66,225	-
Arysta Lifescience Shangai	-	-	7,534	-
Grupo Bioquímico Mexicano	-	-	933	-
Volcano Agrosience	-	-	20,694	-
Exchange variation on related party transactions	-	-	3,180	-
Adjustment to present value	(1,520)	-	(281)	-
	130,455	-	179,525	1,870,416
Previous Shareholders:				
DVA Empreendimentos (a)	-	-	10,366	-

*UPL do Brasil Indústria e
Comércio de Insumos
Agropecuários S.A.
Financial Statements for
year ended March 31, 2019*

March 31, 2019				
Balance sheet	Current assets	Non current assets	Current Liabilities	Non current liabilities
DVA Agro GMBH (a)	-	-	11,343	-
	-	-	21,709	-
Controlling shareholders				
United Phosphorus Limited, India (a)	2,253	-	-	-
UPL Limited, Mauritius	4,649	-	650,998	-
Uniphos Colombia Plant Limited	-	-	14	-
Ajuste a valor presente	-	-	(23,095)	-
	6,902	-	627,917	-
Interest on own capital to be paid				
Uniphos Indústria e Comércio de Prod. Quím. S.A.	-	-	7,561	-
United Phosphorus Holding, Brazil B.V.	-	-	3,849	-
Total	-	-	11,410	-
Total	137,357	-	840,561	1,870,416
Operation transactions	137,357	-	749,242	-
Loan	-	-	69,610	1,870,416
Others	-	-	21,709	-
Total	137,357	-	840,561	1,870,416

**UPL do Brasil Indústria e
Comércio de Insumos
Agropecuários S.A.**
Financial Statements for
year ended March 31, 2019

Parent company

Transactions	March 31, 2019			March 31, 2018		
	Sales	Loan (borrowing)	Purchases	Sales	Loan (borrowing)	Purchases
Associated companies:						
UPL Europe (loan) (a)	-	(61,269)	-	-	(27,872)	-
RiceCo International Inc.	-	-	-	-	-	1,528
Cerexagri S.A.S.	-	-	-	-	-	6,188
Decco Iberica Pos Cosecha, S.A.U.	-	-	-	-	-	305
Decco US Post	-	-	-	-	-	411
Decco Chile Spa	-	-	-	-	-	20
Sinagro Produtos Agropecuários Produtos S.A	59,426	-	-	40,359	10,026	-
Arysta LifeScience do Brasil Indústria Química e Agropecuária SA.	1,777	-	-	-	-	-
Advanta Comércio de Sementes Ltda.	1,276	-	-	809	-	-
Seara Coml Agr Ltda.	2,658	-	-	1,927	-	-
Serra Bonita Sementes S.A.	3,491	-	-	3,091	-	-
3SB Produtos Agrícolas S.A	2,109	-	-	14,648	11,162	-
	<u>70,737</u>	<u>(61,269)</u>	<u>-</u>	<u>60,834</u>	<u>(6,684)</u>	<u>8,452</u>
Controlling shareholders:						
UPL Limited, UK	4,607	-	1,374,743	-	-	452,126
UPL Limited, Mauritius	347	-	-	-	-	312,847
	<u>4,954</u>	<u>-</u>	<u>1,374,743</u>	<u>-</u>	<u>-</u>	<u>764,973</u>
Total	<u>75,691</u>	<u>(61,269)</u>	<u>1,374,743</u>	<u>60,834</u>	<u>(6,684)</u>	<u>773,425</u>

Consolidated

Transactions	March 31, 2019		
	Sales	Loan (borrowing)	Purchases
Associated companies:			
UPL Europe (loan) (a)	-	(61,269)	-
Sinagro Produtos Agropecuários Produtos S.A	59,426	-	-
Advanta Comércio de Sementes Ltda.	1,817	-	-
Seara Coml Agr Ltda.	2,658	-	-
Serra Bonita Sementes S.A.	3,491	-	-
3SB Produtos Agrícolas S.A	2,109	-	-
Arysta Lifescience Argentina S.A	2,051	-	-
Arysta Lifescience Benelux	-	-	1,146
Arysta Lifescience Paraguay SR	2,755	-	-
Arysta Lifescience Chile S/A	171	-	-
Arysta Lifescience Mexico	545	-	-
Arysta Lifescience Netherlands BV	-	-	3,091
Arysta Lifescience North America	-	489	7,393
Arysta Lifescience Corporation	-	-	66,224
Arysta Lifescience Shangai	-	-	7,534
Grupo Bioquimico Mexicano	-	-	933
Volcano Agrosience	-	-	20,694
	<u>75,023</u>	<u>(60,780)</u>	<u>107,015</u>
Controlling shareholders:			
UPL Limited, UK	4,607	-	992,166
UPL Limited, Mauritius	347	-	-
	<u>4,954</u>	<u>-</u>	<u>992,166</u>
Total	<u>79,977</u>	<u>(60,780)</u>	<u>1,099,181</u>

Nature of transactions

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.

- (a) Refer loans with maturity date between 2019 to 2024 with interest rates between 6% and 8% p.y.
- (b) Refer to sale of agriculture inputs.
- (c) Refer to loans with interest rates between CDI + 2% p.y. and CDI + 6.22% p.y. from Sinagro and interest rates of 8.30% p.y. and CDI + 5.89% p.y.
- (d) The Company has acquired trade accounts receivable from the related party S3B in the amount of R\$ 14,200 during the year ended March 31, 2019 (R\$14,200 during the year ended March 31, 2018 that are due in Jun 2017), and received as a collateral for such receivables 6% of capital shares of the related party Sinagro and 6% of capital shares of the related party 3SB that currently are held by Sinagro's partner Marcos Antônio Vimercati.
- (e) Refers to earn-out that the Company is required to pay to related parties based on some contractual conditions assumed by the merged controlling shareholder United.

Management compensation for years ended March 31, 2019 and 2018 is as follows:

	Parent company		Consolidated
	2019	2018	2019
Short-term benefits			
Salaries, fees and charges	8,028	6,738	18,418
Bonus	1,082	3,641	1,082
Healthcare plan	415	553	415
Total	9,525	10,932	19,915

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.

26 Shareholders' equity

Share capital

As of March 31, 2019, the Company's subscribed and paid-in capital was R\$ 735,821 (R\$ 322,857 in 2018) represented by 751,725,890 (338,765,890 in 2018) common shares.

During the year ended March 31, 2019, there were the following capital increases as per the minutes of extraordinary general meetings:

- **December 17, 2018** - total amount of R\$ 12,230 through the issuance of 12,230,000 registered common shares with no par value which were fully subscribed and paid in domestic currency with funds immediately available from the controlling company Uniphos Indústria e Comércio de Produtos Químicos Ltda.;

- **January 28, 2019** - total amount of R\$ 338,130 through the issuance of 338,130,000 registered common shares with no par value which were fully subscribed and paid in domestic currency with funds immediately available from the controlling company United Phosphorus Holdings Brazil B.V.; and
- **March 29, 2019** - total amount of R\$ 62,130 through the issuance of 62,600,000 registered common shares with no par value which were fully subscribed and paid in domestic currency with funds immediately available from the controlling company Uniphos Indústria e Comércio de Produtos Químicos Ltda.

Capital reserve

On July 25, 2011, United provided R\$ 175,462 in cash to the Company, for which R\$ 20,114 was allocated as share capital and R\$ 155,354 was allocated as share premium.

On January 1st, 2016 the Company recorded the amount of R\$ 57,134 of deferred income tax in capital reserve as a result of the merger of United.

On February 29, 2016 the Company's shareholders decided to increase capital with capital reserve in the amount of R\$ 73,911 issuing 73,911,106 shares.

Legal reserve

Recognized pursuant to the corporate legislation and articles of organization, based on 5% (five percent) of net income for the year.

Dividends

The shareholders are entitled to annual mandatory minimum dividends of 5% (five percent) of net income for the year after recognition of legal reserve and as statutorily adjusted, when applicable.

	2019	2018
(Loss) net income for the year	(122,380)	14,515
(-) Recognition of legal reserve - 5%	-	(726)
Base income for calculating mandatory minimum dividends	(122,380)	13,789
Mandatory minimum dividends - 5%	-	689
Waiver of mandatory dividends (i)	-	(689)

- (i) According to Company's bylaws the shareholder's waived the mandatory dividends.

Interest on own capital

In accordance with the option provided in Law No. 9.249/95, the Company computed interest on own capital of R\$ 13,422 by using the benchmark interest rate (TJLP) in effect for the year. This interest was recorded under financial expenses, as required by tax legislation. For the purposes of these financial statements, this interest was eliminated from financial expenses for the year and was charged to retained earnings and credited to current liabilities.

The income and social contribution taxes for the year were reduced by approximately R\$ 2,013, as a result of the deduction of these taxes by interest on own capital credited to shareholders.

27 Net revenue

The Company has only one strategic division, which is the reportable segment. This division offers different products from the agrochemical sector.

The following summary describes the operation and the reportable segment of the Company:

Segments reportable	Operations		
- Agrochemical	Production, purchase and sale of agrochemicals		
	<u>Parenty company</u>		<u>Consolidated</u>
	2019	2018	2019
Sales of product	2,749,640	2,077,853	2,843,070
Returns and rebates	(58,265)	(71,409)	(59,036)
Taxes on sales	(67,125)	(49,435)	(68,873)
Present value adjustment	(118,847)	(124,307)	(121,504)
Net revenues	<u>2,505,403</u>	<u>1,832,702</u>	<u>2,593,657</u>

28 Cost of sales and expenses by nature

	<u>Parenty company</u>		<u>Consolidated</u>
	2019	2018	2019
Raw materials and consumables used	(2,116,473)	(1,501,435)	(2,193,882)
Salaries, charges and benefits	(139,862)	(128,277)	(163,158)
Freight	(11,170)	(11,306)	(11,170)
Services from third parties	(37,015)	(30,504)	(43,110)
Materials for use and consumption	(8,149)	(7,447)	(8,149)
Depreciation and amortization	(27,241)	(25,767)	(28,797)
Travel and lodging	(14,041)	(11,906)	(15,251)
Warehouse	(15,208)	(18,554)	(16,048)
Rental	(3,499)	(1,776)	(4,574)
Cost of dicarted packaging	(4,792)	(4,009)	(4,792)
Inventories adjustmant	(2,953)	(1,053)	(2,953)
Tax retention and other fees	(1,046)	(1,008)	(1,364)
Impairment loss for impairment of accounts receivable and contract assets of accounts receivable and contract assets	563	(4,800)	(74)
Present value adjustmant of trade payable	106,082	100,664	106,082
Other costs and expenses	(54,997)	(50,013)	(74,387)
Total costs and operationg expenses	<u>(2,329,801)</u>	<u>(1,697,191)</u>	<u>(2,461,627)</u>
Cost of sales	(2,052,504)	(1,438,774)	(2,145,012)
Selling expenses	(111,022)	(68,793)	(132,559)
Impairment loss for impairment of accounts receivable and contract assetsof accounts receivable and contract assets	563	(4,799)	(74)
General and administrative expenses	(166,838)	(184,825)	(183,982)
	<u>(2,329,661)</u>	<u>(1,697,191)</u>	<u>(2,461,627)</u>

28.1 Other operating expenses, net

	Parent company		Consolidated
	2019	2018	2019
Price equalization	(1,467)	(9,470)	(1,467)
Operational cash discount	(2,578)	(2,251)	(2,578)
ICMS realization provision	(86)	(4,697)	(86)
P&L on sales of assets	887	896	887
Other expenses	(2,944)	783	(5,712)
	<u>(6,188)</u>	<u>(14,739)</u>	<u>(8,957)</u>

29 Finance income and expenses

	Parent company		Consolidated
	2019	2018	2019
Finance income:			
Discounts obtained	341	136	11,742
Yield from investments	3,383	8,931	3,383
Present value adjustment of trade account receivable	112,202	141,350	125,231
Gain on derivative financial instruments, non-realized contracts	46,307	3,949	63,014
Interest arising from the mutual with related parties	20,183	10,687	20,183
Other finance income	4,136	9,149	4,271
Sub-total	186,552	174,202	227,824
Exchange rate variation			
Exchange rate variation on trade receivables	69,924	17,198	70,088
Exchange rate variation on trade payables	-	-	3,557
	69,924	17,198	73,645
Total finance revenue	256,476	191,400	301,469
Finance expenses:			
Cash discount	(262)	(70)	(262)
Discounts granted and other exchange rate effect	(10,046)	(18,180)	(12,267)
Interest on borrowings and financing	(512)	(4,620)	(3,538)
Interest arising from the borrowings related parties	(61,269)	(27,872)	(61,758)
Present value adjustment of trade payables	(92,869)	(121,467)	(94,040)
Loss on derivative financial instruments, realized contracts	(11,678)	(11,834)	(11,678)
Interes on remised trade receivables	(27,596)	(20,854)	(27,596)
Expenses on FIDC operations	(29,437)	(21,407)	(29,437)
Other finance expenses	(18,214)	(4,654)	(18,275)
	(251,883)	(230,958)	(258,851)
Exchange rate variation			
Exchange rate variation on trade receivables	-	-	(220)
Exchange rate variation on trade payables	(108,103)	(37,151)	(108,103)
Exchange rate variation on borrowing and financing	(126,658)	(17,503)	(161,651)
	(234,761)	(54,654)	(269,974)

	Parenty company	Consolidated
	2019	2018
Total finance expense	(486,644)	(285,612)
Net amount	(230,168)	(94,212)

30 Employee Benefits

The Company offers to its employees' health care benefits, dental reimbursement, life insurance, meal ticket, transportation voucher, among others.

	Parenty company	Consolidated
	2019	2018
Benefits expenses	5,204	6,502
Number of employees	440	436
Number of third employees	178	-

31 Pension plan and health plan - consolidated

	2019
Liabilities recorded in the balance sheet	
Benefits of pension plans a	3,629
Defined contribution plan (i)	4,724
	8,353
Post-employment health benefits b	14,843
Provisions of plans (ii)	418
	15,261
Total presented as non-current liabilities	23,614
Expenses recognized in the statement of income	2019
Benefits of pension plans	278
Post-employment health benefits	594
	872

- (i) In December 2009 the Company migrated from the defined benefit plan (BD) to the defined contribution plan (CD). This migration was optional for employees, and subsequently closed for new accessions. Through this migration, the debt settlement agreement of the Defined Contribution Plan (ArystaPrev) was signed, in which it has been amortized in 171 installments.
- (ii) The Company has two debt awards signed in 2007 and 2016, related to the Defined Benefit Plan (BD) with a settlement term of 9.31 years.

Through the position of BB Previdência received in December 2017, we kept the balance for a possible adjustment of the Deficit of the plan.

In 2018, the debt confession signed in 2016 was settled and a new debt confession signed in December 2018 was signed, thus establishing the balance of Provision.

a. Benefits of pension plans

The Company sponsors a defined benefit pension plan for its employees and managed by BB Previdência - Fundo do Pensão Banco do Brasil.

The social security benefit plan, in the variable contribution modality, is sponsored by the Arysta Lifescience and managed by BB Previdência - Fundo de Pensão

The actuarial assumptions adopted for the actuarial calculation were formulated considering the long-term projections for which they are intended. In the short term, they may not necessarily be realized, giving rise to the determination of actuarial gains and losses. The assumptions adopted in an actuarial valuation can be classified in: financial, biometric and other factors.

The adherence study of the mortality table was prepared by the Arysta - BB Previdência pension plan administrator.

The main assumptions used for the calculations of 424 employees:

- The combined rate (HCCTR + Aging factor) 2.5%
- Discount rate: 5.11% pa less inflation
- Turnover: 12.3% (history of disconnections in recent years)
- Mortality table: AT-83 by sex

The average actuarial liability duration of the plan, as of January 31, 2019, is 9 years.

The amounts recognized in the balance sheet are as follows:

Pension Plan	2019
Present value of the obligations financed	(21,322)
Fair value of plan assets	<u>17,693</u>
	<u><u>(3,629)</u></u>

b. Post-employment health benefits

Established by Law 9656/98, Arysta has as internal policy, defined in the Minutes of the Board of Directors Meeting held on April 22, 2003, that employees who retire in the Company have the right to remain in the Medical Assistance Plan for life, having their costs and the spouse fully funded by Arysta.

Health plan	2019
Present value of the obligations financed	(13,722)

The main assumptions used for the calculations were:

- The combined rate (HCCTR + Aging factor) 2.5%
- Discount rate: 5.11% pa less inflation
- Turnover: 12.3% (history of disconnections in recent years)
- Mortality table: AT-83 by sex

32 Net present value adjustment - Unaudited

As required by its Parent Company the following are the adjustments that could be made in the net present value.

	NPV Calculation for UPL	NPV Calculation for UPL Group Entities	Net NPV Calculation for Non Group Entities
Parent company			
Closing balance sheet entry (Marth 31, 2018):			
Dr. Trade accounts receivable and related party	43,268	(33)	43,300
Cr. Retained earnings	(15,508)	(33,666)	18,158
Cr. Net effect on profit and loss	(3,760)	19,354	(23,114)
Cr. Trade payables, related party and forfeiting	(24,000)	14,344	(38,344)
Current period entry (April 1, 2018 to March 31, 2019):			
Cr. Trade accounts receivable and related party	6,659	74	6,585
Dr. Trade payables, related party and forfeiting	(13,213)	(8,751)	(4,463)
Dr. Cost of sales	106,082	70,793	35,289
Dr. Financial income	112,188	75	112,113
Cr. Net revenues	(118,847)	(149)	(118,698)
Cr. Financial expenses	(92,869)	(62,043)	(30,826)
Closing balance sheet entry (Marth 31, 2019):			
Dr. Trade accounts receivable and related party	49,926	(107)	50,034
Cr. Retained earnings	(19,268)	(14,312)	(4,956)
Cr. Net effect on profit and loss	6,554	(8,676)	15,231
Cr. Trade payables, related party and forfeiting	(37,213)	23,095	(60,308)
Consolidated			
Closing balance sheet entry (Marth 31, 2018):			
Dr. Trade accounts receivable and related party	77,850	(33)	77,882
Cr. Retained earnings	(54,887)	(33,666)	(21,221)
Cr. Net effect on profit and loss	2,348	18,741	(17,619)
Cr. Trade payables, related party and forfeiting	(25,311)	14,957	(39,042)
Current period entry (April 1, 2018 to March 31, 2019):			
Cr. Trade accounts receivable and related party	17,031	74	16,956
Dr. Trade payables, related party and forfeiting	(14,055)	(8,335)	(4,889)
Dr. Cost of sales	105,753	71,075	35,242
Dr. Financial income	99,159	75	99,084
Cr. Net revenues	(116,190)	(149)	(116,041)
Cr. Financial expenses	(91,698)	(62,740)	(30,353)
Closing balance sheet entry (Marth 31, 2019):			
Dr. Trade accounts receivable and related party	74,137	(107)	74,244
Cr. Retained earnings	(33,479)	(14,312)	(19,167)
Cr. Net effect on profit and loss	(2,976)	(9,092)	6,117
Cr. Trade payables, related party and forfeiting	(37,682)	23,511	(61,193)