



Belo Horizonte (MG), January 22, 2018

To:  
Councilors and Administrators of  
**Sabero Organics América S.A.**  
Belo Horizonte – MG

C/O Mr. Jayant Kumar Rijn Singhani - President  
Mr. Carlos Danilo Bregalda - Accountant

Dear Sirs:

Attached is our external audit report for the accounting and financial procedures of 2017.  
It comprises the Balance Sheet, the Income Statement, the Statement of Changes in Net Equity  
and Cash Flow Statement.  
We are at your disposal for any further necessary explanations.

Best regards,



**ICL AUDITORIA E CONSULTORIA LTDA.**

SERGIO DE OLIVEIRA  
ACCOUNTANT  
CRC/MG no. 51.699





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**SABERO ORGANICS AMÉRICA S/A.**

CNPJ nº 04.016.649/0001-51

**ASSETS**

	<b>31.12.17</b>	<b>31.12.16</b>
<b>Current Assets</b>		
Cash equivalents	92.932	250.425
Recoverable Tax	63.841	63.005
Advances Payable/Receivable	(1.055)	(333)
	<b>155.718</b>	<b>313.097</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	3.392	3.829
Intangible	1.449.058	1.714.528
	<b>1.452.450</b>	<b>1.718.357</b>
<b>Assets Total</b>	<b>1.608.168</b>	<b>2.031.454</b>

The notes are an integral part of the Financial Statements



**SABERO ORGANICS AMÉRICA S/A.**  
 CNPJ nº 04.016.649/0001-51

**LIABILITIES**

	<b>31.12.17</b>	<b>31.12.16</b>
<b>Current Liabilities</b>		
Suppliers	19.806	22.446
Contributions and Taxes Payable	3.194	8
Salaries and Benefits	4.616	4.618
	<b>27.616</b>	<b>27.072</b>
<b>Non-Current Liabilities</b>		
Related Parties	0	0
Advance to capital increase	602.253	602.253
	<b>602.253</b>	<b>602.253</b>
<b>SHARE HOLDER EQUITY</b>		
Capital	3.474.899	3.474.899
(-) Complement the capital	(86.042)	(86.042)
Accumulated Profit or Losses	(1.986.728)	(1.498.644)
(-) Temporary Exercise Result	(423.830)	(488.084)
	<b>978.299</b>	<b>1.402.129</b>
<b>Liabilities Total</b>	<b>1.608.168</b>	<b>2.031.454</b>

The notes are an integral part of the Financial Statements





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**INCOME STATEMENT,  
NET RESULT as of December 31st, 2017**

	<b>31.12.17</b>	<b>31.12.16</b>
<b>Income</b>		
Gross Comission Income	754.295	878.385
(-) Tax Deductions	(18.696)	(48)
	<b>735.599</b>	<b>878.337</b>
<b>Expenses</b>		
Fees and Registers	(135.715)	(182.047)
Administrative	(751.660)	(771.513)
	<b>(887.375)</b>	<b>(953.560)</b>
<b>Depreciation and Amortization</b>		
Fixed Asset	(437)	(437)
Licenses	(265.470)	(407.581)
	<b>(265.907)</b>	<b>(265.855)</b>
<b>Non-operatinional result</b>		
Financial Investments	2.360	1.046
(-) Tax Deductions	(8.507)	(5.889)
	<b>(6.147)</b>	<b>(4.843)</b>
<b>NET RESULT</b>	<b>(423.830)</b>	<b>(488.084)</b>





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**SABERO ORGANICS AMÉRICA S/A.**

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**CHARGES IN SHAREHOLDER EQUITY,  
FOR THE PERIOD AS OF DECEMBER 31st, 2017  
(In Reais 1)**

	<b>CapitalStock</b>	<b>Total</b>
<b>Balances at december 30, 2016</b>	<b>3.474.899</b>	<b>3.474.899</b>
Payment in full in capital	0	0
<b>Balances at december 30, 2017</b>	<b>3.474.899</b>	<b>3.474.899</b>

The notes are an integral part of the Financial Statements





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**SABERO ORGANICS AMÉRICA S/A.**

CNPJ nº 04.016.649/0001-51

**CASH FLOW FOR THE PERIOD  
AS OF DECEMBER 31st,  
(In Reais 1)**

	31/12/2017	31/12/2016
<b>opening balance, December 31st,</b>	<b>247.953</b>	<b>310.858</b>
<b>Pre-Operating activities</b>		
receipts in the period	756.655	878.386
Expenses in the period	(892.980)	(941.243)
Taxes in the period	(18.696)	(48)
<b>Net cash provided by operating activities</b>	<b>(155.021)</b>	<b>62.905</b>
<b>Activities of investment</b>		
Adding property	(0)	(0)
<b>Net cash provided by investing activities</b>	<b>(0)</b>	<b>(0)</b>
<b>Funding Activities</b>		
Loans and financing -	0	0
Advance for capital increase	0	0
Payment in full in capital	0	0
<b>Net cash provided by financing activities</b>	<b>0</b>	<b>0</b>
<b>Net change in cash and cash equivalents</b>	<b>(155.021)</b>	<b>62.905</b>
<b>Change in assets</b>		
Cash at beginning of period	247.953	310.858
Cash at end of period	92.932	247.953
	<b>(155.021)</b>	<b>62.905</b>

The notes are an integral part of the Financial Statements



Sabero Organics America S.A.  
Administration Notes To The Financial Statements 2017 Exercise  
In R\$ 1

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## 1. OPERATIONS

Namely **SABERO ORGANICS AMÉRICA S/A** it's a privately held capital anonymous society, with headquarters in the city of Belo Horizonte, Minas Gerais, and social aims to the manufacture, distribution, import and export of products: insecticides, herbicides, fungicides, acaricides and products related to agriculture, household cleaning and veterinary. The corporation changed it's past limited company status in January 1<sup>st</sup>, 2010.

## 2. PRESENTATION OF FINANCIAL ACCOUNTING

The financial statements were prepared based on accounting practices adopted in Brazil, following the accounting guidelines issued by the Corporate Law, Law No. 6404/76, adopting also the Law No.11638/07 and Provisional Measure n° 449/08.

The accounting practices adopted due to the initial adoption of the Law 11638/07 and Measure No 449/08 did not affect the result and equity.

As provided by CPC 13 (Initial Adoption of Law 11638/07 and Measure in 449/08), namely SABERO ORGANICS AMERICA S/A. chosen in this first year of validity of the Act by disclosing the statements of cash flows without the indication of the values corresponding to the previous year.

## 3. PRINCIPAL ACCOUNTING POLICIES

### a. Cash

Shown as the output value, including income and monetary variations earned, if applicable.

### b. Property

Shown as acquisition cost, with depreciation deduction, as rates cited in Note 5.

Administration Notes To The Financial Statements 2017 Exercise In R\$ 1

### c. Deferred

Expenses incurred related to the organization and constitution of the company and general and administrative expenses incurred after its formation, were recorded as pre-operating expenses, in the intangible asset; the deferred asset for depreciation from the year in which profits are generated and it began to be amortized in the 2013 exercise. All company efforts on this phase are considered to obtain all necessary products commercialization registers it objectives to sell in the future.

### d. Liabilities and due to long-term

Demonstrated by the known or estimated amounts, plus, when applicable, the corresponding charges and monetary variations incurred.

### e. Tax Losses

The details of the Company's NOLCO that can be claimed as deduction from normal taxable income and against regular corporate income tax due and their respective availment period are as follows:



Year	Amount	Available until
2017	423.830	No expires
2016	523.226	No expires
2013	323.770	No expires
2011	869.142	No expires

\*All amounts have undetermined availability, no expiring date.

Deferred income tax assets on NOLCO has not been recognized because management believes that the Company may not have sufficient taxable profit available to allow all or part of the deferred income tax assets to be utilized in the near future.

The Company is subjected to tax rate of 24%. The Company has past tax losses of 2139968 as of 31 Dec 2017 (1716138 as of 31 Dec 2016) on which the unrecognized tax benefit is 359515 as of 31 Dec 2017 (288311 as of 31 Dec 2016). These tax benefits have not been recognised in the financials on a conservative basis of accounting.

#### f. Break Up Administrative Expenses

<b>Administrative Expenses</b>	<b>2017</b>	<b>2016</b>
PERSONEL – Salaries	55.440,00	55.440,00
OFFICIE MATERIALS	503,20	722,57
ACCOUNT, AUDIT, LAWYERS	47.284,91	35.656,53
OFFICE	18.428,20	17.906,68
MAINTENANCE	440.708,81	424.365,02
TRAVELING AND ACCOMODATION	76.499,24	115.765,63
TRANSLATION/TYPING SERVICES AND OTHER SERVICES	112.795,78	121.656,91
	<b>751.660,14</b>	<b>771.513,34</b>

#### 4. CASH EQUIVALENTS

Cash	122
Financial application	92.809
	<b>92.931</b>





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## 5. FIXED ASSET

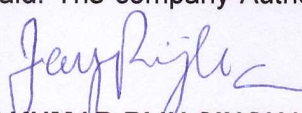
	Corrected Value	Accumulated Depreciation	net	annual rates of Depreciation
Machinery and equipment	849	(764)	85	10 %
Furniture	3.000	(2.700)	300	10 %
Computer equipment	7.126	(4.119)	3.007	20 %
	<b>10.975</b>	<b>(7.583)</b>	<b>3.392</b>	

## 6. INTANGIBLE ASSET

	Corrected Value	Accumulated Depreciation	net	annual rates of Amortization
Acefato	345.706	(164.210)	181.496	10 %
Acehero	227.811	(108.210)	119.601	10 %
Chloromo 480 EC	85.417	(40.573)	44.844	10 %
Chlorsab 480 EC	85.417	(40.573)	44.844	10 %
Clorpirifós Técnico	345.706	(164.210)	181.496	10 %
Clorpirifós 480 EC	227.967	(108.284)	119.683	10 %
Glifosato	345.706	(164.210)	181.496	10 %
Glyweed	253.681	(120.498)	133.183	10 %
Mancozeb Técnico	345.706	(164.210)	181.496	10 %
Mancozeb 800 WP	306.168	(145.430)	160.738	10 %
Sabizeb 800 WP	85.417	(40.573)	44.844	10 %
Cipermetrina 250 EC	58.347	(58.347)	-	10 %
Metamidofós Formulado	58.347	(58.347)	-	10 %
Permetrina Técnica	25.418	(25.418)	-	10 %
Others under elaboration	55.340	-	-	-
	<b>2.852.152</b>	<b>(1.403.094)</b>	<b>1.449.058</b>	

## 7. CAPITAL

The share capital is represented by 3.474.899 shares at par value of R\$ 1,00 each. Partner Jayant Kumar Rihj Singhani owns 86.840 shares, 800 paid, and major partner Sabero Organics Gujarat Limited owns 3.388.057, fully paid. The company Authorized Capital is R\$ 6.000.000,00 (six million reais).

  
**JAYANT KUMAR RIJH SINGHANI**  
President

  
**Carlos Danilo Bregalda**  
Accountancy CRCMG 52.115





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Accountancy CRCMG 52.115

## INDEPENDENT AUDITORS' REPORT

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Dear Sirs:  
Councilors and Administrators of  
**Sabero Organics América S.A.**  
Belo Horizonte – MG

We examined the Financial Statements of Sabero Organics América S.A., which comprise the Balance Sheet as of December 31, 2017, the Income Statement, and the corresponding Statement of Changes in net Equity for the period then ended, and Cash Flow Statement, as well as a summary of the main accounting practices, and the other explanatory notes.

### **The Administration's Responsibility concerning the Financial Statements**

The Company Administration is responsible for the preparation and adequate presentation of these financial statements in accordance with the accounting practices adopted in Brazil, and for the internal controls, it deems necessary to make possible the preparation of the financial statements free of any relevant distortion, regardless if caused by fraud or error.

### **Independent Auditors' Responsibility**

Our responsibility is to express an opinion concerning these financial statements based on our audit, carried out in accordance with Brazilian and international auditing norms. These norms entail compliance with ethical requirements by the auditors, and ensure the audit planned and executed with the aim of obtaining reasonable certainty that the financial statements are free of any relevant distortion.

An audit involves the execution of selected procedures for the obtaining of evidence concerning the amounts and disclosures presented in the financial statements. The selected procedures depend on the auditor's judgment, including relevant distortion risk assessment of the financial statements, regardless if caused by fraud or error. In this risk assessment, the auditor takes into consideration the internal controls relevant for the preparation and adequate presentation of the Entity's financial statements in order to plan the adequate audit procedures under the given circumstances, but not with the objective of expressing an opinion about the efficiency of the Entity's internal controls. An audit also includes an assessment of the suitability of the accounting practices utilized and the reasonability of the accounting estimates made by the Administration, as well as the evaluation of the overall presentation of the financial statements.

We believe the audit evidence obtained is sufficient and appropriate to found our opinion.





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## INDEPENDENT AUDITORS' REPORT

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### Opinion

In our opinion, the financial statements previously referred to present adequately, in all material aspects, the equity and financial position of Sabero Organics América S.A.

Belo Horizonte (MG), January 22, 2018

**ICL AUDITORIA E CONSULTORIA LTDA.**

CRC/MG nº 6.270

**SERGIO DE OLIVEIRA**

ACCOUNTANT CRC/MG no. 51.699