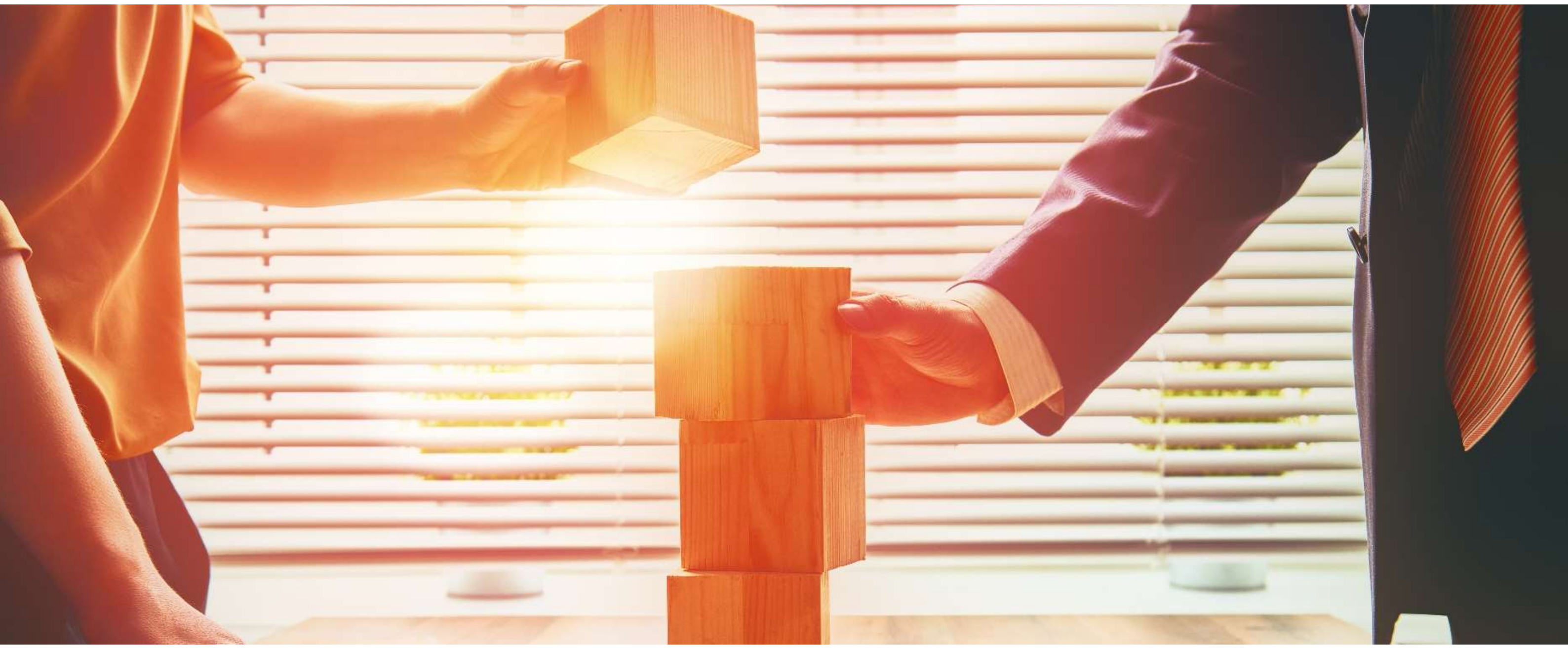

Pulvitec do Brasil Indústria e Comércio de Colas e Adesivos Ltda.

FINANCIAL STATEMENTS
MARCH 31, 2019
And independent auditor's report

PULVITEC DO BRASIL INDÚSTRIA E COMÉRCIO DE COLAS E ADESIVOS LTDA.

FINANCIAL STATEMENTS

MARCH 31, 2019

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Crowe Macro Auditoria e Consultoria

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Independent auditor's report

To the
Management and Quotaholders of
Pulvitec do Brasil Indústria e Comércio de Colas e Adesivos Ltda.
São Paulo - SP

Opinion

We have audited the financial statements of Pulvitec do Brasil Indústria e Comércio de Colas e Adesivos Ltda. ("Company"), which comprise the statement of financial position as at March 31, 2019, and the statements of profit or loss, of comprehensive profit (loss), changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting practices.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Pulvitec do Brasil Indústria e Comércio de Colas e Adesivos Ltda. as at March 31, 2019, and its financial performance and its 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 "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the relevant ethical requirements provided for in the Code of Ethics for Professional Accountants and in the professional standards issued by the Federal Accounting Board, 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 audit opinion.

Responsibilities of Management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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 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.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s 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 financial statements.

As part of an audit conducted 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 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 audit 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 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the 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 auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, 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 Paulo, April 22, 2019.

Crowe Macro Auditores Independentes
CRC 2SP031004/O-1

Sérgio Ricardo de Oliveira
Accountant - CRC1SP186.070/O-8

Pulvitec do Brasil Indústria e Comércio de Colas Adesivos Ltda.
Statements of financial position at March 31
In thousands of reais (R$)
(Convenience translation into English from the original previously issued in Portuguese)

Assets	Note	2019	2018	Liabilities and equity	Note	2019	2018
Current assets				**Current liabilities**			
Cash and cash equivalents	4	310	41	Borrowings	10	5,357	9,757
Trade receivables	5	9,918	12,961	Trade payables	11	1,501	2,491
Inventories	6	5,938	5,900	Taxes payable		280	460
Other receivables	7	1,050	1,011	Payroll and related charges	12	1,179	950
Recoverable taxes		599	874	Sales commissions payable		558	601
Prepaid expenses		230	330	Other payables	13	2,022	2,206
		18,045	**21,117**			**10,897**	**16,465**
Noncurrent assets				**Noncurrent liabilities**			
Other noncurrent assets	7	5,162	4,067	Provision for contingencies	14	460	905
Property, plant and equipment	8	2,514	2,634	Taxes in installments	15	2,997	3,031
Intangible assets	9	5,345	5,393			**3,457**	**3,936**
		13,021	**12,094**				
				Equity			
				Issued capital	16	74,303	69,461
				Accumulated losses		(57,591)	(56,651)
						16,712	**12,810**
Total		**31,066**	**33,211**	**Total**		**31,066**	**33,211**

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

Pulvitec do Brasil Indústria e Comércio de Colas Adesivos Ltda.
Statements of profit or loss for the year ended March 31
In thousands of reais (R$)
(Convenience translation into English from the original previously issued in Portuguese)

	Note	2019	2018
Net operating revenue	17	**48,324**	**48,025**
Cost of sales and services	18	(32,294)	(29,806)
Gross profit		**16,030**	**18,219**
General and administrative expenses	19	(17,022)	(18,033)
Other operating income (expenses), net	20	793	39
		(16,229)	(17,994)
Profit (loss) before finance income (costs)		**(199)**	**225**
Finance income (costs), net	21	(741)	(2,148)
Profit (loss) before income tax and social contribution		**(940)**	**(1,923)**
Current income tax and social contribution		-	-
Profit (loss) for the year		**(940)**	**(1,923)**

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

Pulvitec do Brasil Indústria e Comércio de Colas Adesivos Ltda.
Statements of comprehensive profit (loss) for the year ended March 31
In thousands of reais (R$)
(Convenience translation into English from the original previously issued in Portuguese)

	2019	2018
Profit (loss) for the year	**(940)**	**(1,923)**
Other comprehensive profit (loss)	-	-
Total comprehensive profit (loss) for the year	**(940)**	**(1,923)**

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

Pulvitec do Brasil Indústria e Comércio de Colas Adesivos Ltda.
Statements of changes in equity for the year ended March 31
In thousands of reais (R$)
(Convenience translation into English from the original previously issued in Portuguese)

	Capital	Unpaid capital	Paid-in capital	Accumulated losses	Total
Balance at March 31, 2017	**75,000**	**(5,539)**	**69,461**	**(54,728)**	**14,733**
Unpaid capital reduction	(5,539)	5,539	-	-	-
Loss for the year	-	-	-	(1,923)	(1,923)
Balance at March 31, 2018	**69,461**	**-**	**69,461**	**(56,651)**	**12,810**
Capital increase	4,842	-	4,842	-	4,842
Loss for the year	-	-	-	(940)	(940)
Balance at March 31, 2019	**74,303**	**-**	**74,303**	**(57,591)**	**16,712**

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

Pulvitec do Brasil Indústria e Comércio de Colas Adesivos Ltda.
Statements of cash flows for the year ended March 31
In thousands of reais (R$)
(Convenience translation into English from the original previously issued in Portuguese)

	2019	2018
Cash flows from operating activities		
Loss for the year	(940)	(1,923)
Adjustments to reconcile profit (loss) for the year to net cash generated by (used in) operating activities		
Depreciation and amortization	700	550
Gain (loss) on disposal and write-off of property, plant and equipment and intangible assets	5	56
Provision for impairment of receivables	226	(168)
Provision for goods billed but not shipped	(205)	(177)
Provision for inventory losses	200	(125)
Provision for contingencies	(445)	(695)
	(459)	**(2,482)**
Changes in assets and liabilities		
Trade receivables	3,022	648
Inventories	(238)	20
Other receivables	(39)	75
Recoverable taxes	275	(106)
Prepaid expenses	100	43
Other noncurrent assets	(1,095)	(1,145)
Trade payables	(1,024)	855
Taxes payable and taxes in installments	(180)	792
Payroll and related taxes	229	(43)
Other payables	(227)	471
Related parties	-	(3,238)
Net cash generated by (used in) operating activities	**364**	**(4,110)**
Cash flows from investing activities		
Additions to property, plant and equipment and intangible assets	(537)	(729)
Net cash used in investing activities	**(537)**	**(729)**
Cash flows from financing activities		
Borrowings	(4,400)	4,419
Capital contribution	4,842	-
Net cash generated by financing activities	**442**	**4,419**
Increase (decrease) in cash and cash equivalents	**269**	**(420)**
At the beginning of the year	41	461
At the end of the year	310	41
Increase (decrease) in cash and cash equivalents	**269**	**(420)**

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

1. General information

Pulvitec do Brasil Indústria e Comércio de Colas e Adesivos Ltda., with its registered office in Brazil, at Av. Presidente Altino, 2468 and 2600, Jaguaré - City of São Paulo, State of São Paulo (SP), is engaged in the manufacture, sale, representation, import, export, technical assistance and projects in the segments of glues and adhesives, resins, chemicals, plastic and plastic-related materials, plastic and chemical materials for sealing and insulating crepe tape; sale, import and export of cleaning and metal polishing products in general and holding of direct or indirect equity interests in other companies, as partner or shareholder.

2 Basis of preparation

2.1. Statement of compliance in respect of accounting practices

The Company's financial statements have been prepared in accordance with accounting practices adopted in Brazil, which comprise Brazilian Corporate Legislation and the standards issued by the Brazilian Federal Accounting Board (CFC).

The financial statements were approved by Management on April 22, 2019 for issue.

2.2. Functional and presentation currency

The financial statements have been prepared and are presented in reais, which is the Company's functional currency. The functional currency was determined according to the primary economic environment of its operations. All financial information is presented in thousands of reais, unless otherwise stated.

2.3. Use of estimates and judgments

The preparation of financial statements in accordance with accounting practices adopted in Brazil requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

3 Significant accounting policies

3.1. Financial instruments

Classification and measurement of financial assets and financial liabilities

Pursuant to IFRS 9/NBC TG 48, upon initial recognition, a financial asset is classified as: at amortized cost; fair value through other comprehensive income ("FVTOCI") – debt instrument; FVTOCI – equity instrument; and at fair value through profit or loss ("FVTPL"). The classification of financial assets pursuant to IFRS 9/CPC 48 is mainly established based on the business model under which a financial asset is managed as well as on the characteristics of its contractual cash flows. The new significant accounting policies are described below:

Financial assets at amortized cost – These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income and exchange gains and losses are recognized in the statement of profit (loss). Any gain or loss on the derecognition is recognized in the statement of profit (loss).

A financial asset is measured at amortized cost when satisfying both conditions below and when not designated as measured at FVTPL:

• is maintained within a business model with the objective of maintaining financial assets in order to receive contractual cash flows; and

• its contractual terms generate, at specific dates, cash flows related to the payment of principal and interest on the outstanding principal amount.

A debt instrument is measured at FVTOCI when satisfying both conditions below and when not designated as measured at FVTPL:

• is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

•its contractual terms generate, at specific dates, cash flows exclusively related to the payment of principal and interest on the outstanding principal amount.

The Company's financial assets are mainly represented by cash and cash equivalents (Note 4) classified as at FVTPL, as well as trade receivables (Note 5) and other receivables (Note 7), which are classified as subsequently measured at amortized cost. The adoption of IFRS 9 / NBC TG 48 did not result in changes in the financial statements.

Financial liabilities were classified as measured at amortized cost or at FVTPL. 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 for such purpose upon initial recognition. Financial liabilities measured at FVTPL are measured at fair value and the net result, including interest, is recognized in the statement of profit (loss). Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and exchange gains and losses are recognized in the statement of profit (loss). Any gain or loss on the derecognition is also recognized in the statement of profit (loss).

The Company's financial liabilities are mainly represented by borrowings (Note 10) classified as at FVTPL, as well as trade payables (Note 11) and other payables (Note 13), which are classified as subsequently measured at amortized cost. The adoption of IFRS 9 / NBC TG 48 did not result in changes in the financial statements.

Impairment

Expected losses on receivables are estimated based on the probability of such losses occurring, considering historical losses and related assumptions for such estimates. Losses on receivables are measured at present value based on all cash deficits (that is, the difference between contractual cash flows due to the Company and cash flows the Company expects to receive). Expected losses on receivables are discounted at the effective interest rate of the financial asset.

Considering the substitution of the incurred losses model for the expected losses model, Management concluded that the methodology already adopted is compliant with the expected losses model and, therefore, the initial adoption of IFRS 9 / CPC 48 as from January 1, 2018 did not result in significant impacts in the measurement of expected losses on trade receivables.

3.2. Cash and cash equivalents

Cash and cash equivalents include the available funds, bank deposits and financial investments readily convertible into a known cash amount and subject to an insignificant risk of change in value. They are stated at cost, plus yield accrued which does not exceed their fair value.

3.3. Trade receivables

Trade receivables comprise the amounts receivable from customers related to sales until the end of the reporting period.

Management evaluate the provision for impairment of receivables based on an individual assessment of past due receivables.

3.4. Present value adjustment

Cash items composing assets and liabilities are adjusted to present value at the effective interest rate, when resulting from short-term operations, as applicable, as well as from long-term operations, when not subject to interest or when subject to: (i) fixed interest; (ii) interest clearly below the interest rates prevailing in the market for similar transactions; and (iii) inflation adjustment only, not subject to interest. The Company periodically evaluates the effect from this procedure. At March 31, 2019 and 2018, no adjustments of this nature were identified.

3.5. Inventories

Inventories are stated at net acquisition cost plus products manufacturing costs, which is lower than their realizable value net of selling costs. Inventory costs are determined by the average cost method. The net realizable value corresponds to the estimated selling price of inventories, less all estimated and necessary costs to complete the sale.

Inventories are reduced by a provision for impairment of inventories established when there is objective evidence that the Company will not be able to realize inventories for an amount that is higher than their average cost. The expected loss amount is the difference between book value and the recoverable amount.

3.6. Property, plant and equipment

Property, plant and equipment are stated at acquisition cost and subject to impairment testing. Accumulated depreciation was calculated under the straight-line method and recognized in profit or loss for the year at the rates mentioned in Note 8.

Assets acquired under finance leases are stated at their cash amount or adjusted to the present value of the respective obligation.

Impairment of assets

Noncurrent assets are reviewed to identify evidence of impairment on an annual basis or whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. In this case, the recoverable amount is calculated to determine the impairment loss. Such loss is recognized for the amount in which the carrying value of the asset exceeds its recoverable value, which is the higher of the net selling price and the value in use of the asset. For valuation purposes, assets are grouped into the smallest group of assets for which there are separately identifiable cash flows.

3.7. Income tax and social contribution

Income tax and social contribution are calculated in accordance with the Brazilian tax laws (taxable profit), at the rate of 15% for income tax, plus a 10% surcharge on profit exceeding R$240 and 9% for social contribution.

3.8. Provision for contingencies

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

3.9. Other current and noncurrent assets and liabilities

Current and noncurrent liabilities are stated at the known or estimated amounts, plus, when applicable, the corresponding charges, inflation adjustments and/or exchange rate changes incurred through the end of the reporting period. When applicable, current and noncurrent liabilities are stated at present value, transaction by transaction, based on interest rates that reflect the term, currency and risk of each transaction. The balancing item to present value adjustments is recognized in the profit or loss accounts that originated the liability. The difference between the present value of the transaction and the face value of the liability is recognized in profit or loss over the contract term based on the amortized cost and the effective interest method.

3.10. Revenue recognition

Revenue from contracts with customers is recognized by the Company as control of the products is transferred to customers, such control being represented by the capacity to determine the use of the products and to obtain substantially all the remaining benefits from the products.

For this, the Company follows the conceptual framework of the standard, based on the following five-step model: (1) identification of contracts with customers; (2) identification of performance obligations under the contracts; (3) determining the price of the transaction; (4) allocation of the transaction price to the performance obligation provided for in the contracts and (5) recognition of revenue when the performance obligation is satisfied.

3.11. Revenues and expenses

Revenues and expenses are recorded on the accrual basis. Revenue is measured at fair value of consideration received, net of related discounts, taxes or charges. Revenue is not recognized when there is significant uncertainty about its realization.

3.12. New and revised standards, pronouncements and interpretations

Standards with first time adoption for years started on or after January 1, 2018:

- **IFRS 15 – Revenue from Contracts with Customers (NBC TG 47 – Revenue from Contracts with Customers)** – The standard sets forth the principles that a company should apply to determine the measurement of revenue and how and when it should be recognized. The changes establish the criteria for the measurement and recording of revenues, in the manner they were effectively realized with their due disclosure, as well as their recording for the amounts to which the Company is entitled in the operation, considering any estimated impairment. The Company's Management has assessed the effects from adoption of the standard and has not identified any changes or impacts on the recognition of its revenues.

- **IFRS 9 – Financial Instruments (NBC TG 48 – Financial Instruments s)** –The standard addresses the classification, measurement and recognition of financial assets and liabilities. The main changes are the new criteria for the classification of financial assets in two categories (measured at fair value and measured at amortized cost) depending on the characteristics of each instrument, which may be classified in finance income (costs) or comprehensive profit (loss), also the new impairment model for financial assets is a hybrid of expected and incurred losses, replaces the current model of incurred losses, and introduces relaxation of the requirements for adoption of hedge accounting. The Company's Management has evaluated the new standard and, considering its current transactions, has not identified changes that could have a material impact on its financial statements, since the financial instruments it maintains are not complex and present no risk of impact on their revaluation, as well as do not present the risk of impairment or significant reduction in value due to the expectation of future losses.

Changes in standards not yet effective:

- **IFRS 16 – Leases (NBC TG 06 (R3) "Leases")** – Establishes aspects of recognition, measurement and disclosure of leases for both lessors and lessees. This standard is effective for financial years beginning on or after January 1, 2019. The Company is currently assessing the total impact of the standard and elected not to early adopt it.

In thousands of reais (R$)

4. Cash and cash equivalents

Description	2019	2018
Cash	3	3
Banks	304	27
Short-term investments	3	11
Total	**310**	**41**

4.1. Short-term investments

Description	Investment type	Maturity	2019	2018
Banco Bradesco	Bank Certificates of Deposit (CDB)	D+1	3	11
Total			**3**	**11**

Financial investments include bank certificates of deposit and restricted securities issued by prime financial institutions, whose yield is pegged to Interbank Deposit Certificate ("CDI") variation. They are being classified in cash and cash equivalents for being redeemable within less than three months from the investment date, and there is no risk of loss in case of early redemption.

5. Trade receivables

Description	2019	2018
Domestic customers	11,341	14,237
Foreign customers	182	308
Provision for impairment of receivables	(556)	(330)
Reversal of receivables related to unshipped goods	(1,049)	(1,254)
Total	**9,918**	**12,961**

5.1. Aging List

Description	2019	%	2018	%
Falling due	10,528	91%	13,472	93%
Past due				
Past due from 1 to 30 days	195	2%	342	2%
Past due from 31 to 60 days	76	1%	74	1%
Past due from 61 to 180 days	120	1%	311	2%
Past due over 180 days	604	5%	346	2%
Total	**11,523**	**100%**	**14,545**	**100%**

The Company hires a receivables recovery company that periodically assesses the likelihood of recovery of past-due receivables, when all collection efforts have been exhausted.

In thousands of reais (R$)

The changes in the provision for impairment of receivables are as follows:

Description	2018	2017
Opening balance	(330)	(498)
Additions	(261)	(146)
Write-offs	35	314
Closing balance	**(556)**	**(330)**

6. Inventories

Description	2019	2018
Finished goods	1,906	1,664
Work in progress	174	252
Raw materials	1,279	1,296
Packaging materials	1,710	2,267
Materials held by third parties	554	(124)
Provision for impairment of inventories	(200)	-
Provision for goods billed but not shipped	515	545
Total	**5,938**	**5,900**

The changes in the provision for impairment of inventories are as follows:

Description	2018	2017
Opening balance	-	(125)
Additions	(480)	(504)
Write-offs	280	629
Closing balance	**(200)**	**-**

7. Other current and noncurrent assets

Description	2019	2018
Tax prepayments	475	449
Escrow deposit – ICMS (State VAT) lawsuit	2,088	1,410
Refis (tax installment payment) – credit recoverable	1,512	1,512
Pert (tax installment payment) – credit recoverable	1,111	1,145
Recoverable taxes	451	-
Other receivables	575	562
Total	**6,212**	**5,078**
Current	**1,050**	**1,011**
Noncurrent	**5,162**	**4,067**

In thousands of reais (R$)

8. Property, plant and equipment

		2019			2018
Description	**Rate**	**Cost**	**Depreciation**	**Net**	**Net**
Machinery and equipment	10%	7,032	(5,762)	1,270	1,280
Industrial facilities	10%	1,292	(710)	582	655
Administrative facilities	10%	475	(357)	118	102
Laboratory equipment	10%	107	(98)	9	11
Plant furniture and fixtures	10%	186	(174)	12	14
Office furniture and fixtures	10%	268	(227)	41	20
Tools and accessories	10%	67	(60)	7	8
Computers and peripherals	10%	370	(227)	143	132
Assets under commodatum	10%	1,203	(923)	280	381
Safety equipment	10%	58	(6)	52	31
Total		**11,058**	**(8,544)**	**2,514**	**2,634**

8.1. Changes in property, plant and equipment in 2019

Description – cost	**2018**	**Additions**	**Write-offs**	**Transfers**	**2019**
Machinery and equipment	6,410	274	(10)	358	7,032
Industrial facilities	1,271	29	(1)	(7)	1,292
Administrative facilities	451	40	(18)	2	475
Laboratory equipment	107	-	-	-	107
Plant furniture and fixtures	185	2	(1)	-	186
Office furniture and fixtures	244	24	(4)	4	268
Tools and accessories	67	-	-	-	67
Computers and peripherals	326	54	(10)	-	370
Assets under commodatum	1,479	4	-	(280)	1,203
Safety equipment	33	25	-	-	58
Solvent piping project	-	3	-	(3)	-
Business community project	-	3	-	(3)	-
Industrial school glue project	-	5	-	(5)	-
Construction in progress – plant	-	62	-	(62)	-
Office project	-	4	-	(4)	-
	10,573	**529**	**(44)**	**-**	**11,058**
Accumulated depreciation	(7,939)	(647)	42	-	(8,544)
Total	**2,634**	**(118)**	**(2)**	**-**	**2,514**

In thousands of reais (R$)

8.2. Changes in property, plant and equipment in 2018

Description – cost	2017	Additions	Write-offs	Transfers	2018
Machinery and equipment	5,959	224	(18)	245	6,410
Industrial facilities	917	127	-	227	1,271
Administrative facilities	408	20	(6)	28	450
Laboratory equipment	107	-	-	-	107
Plant furniture and fixtures	190	3	(8)	-	185
Office furniture and fixtures	242	1	(1)	3	245
Tools and accessories	67	-	-	-	67
Computers and peripherals	228	56	(14)	55	325
Assets under commodatum	1,679	47	(9)	(238)	1,479
Safety equipment	14	20	-	-	34
Telephony project	-	27	-	(27)	-
Solvent piping project	-	38	-	(38)	-
Teflon project	-	44	-	(44)	-
Electric project of pva/pvc	-	108	-	(108)	-
Server project	58	-	-	(58)	-
Super storm project	34	5	-	(39)	-
Reactor project	-	6	-	(6)	-
	9,903	**726**	**(56)**	**-**	**10,573**
Accumulated depreciation	(7,441)	(544)	46	-	(7,939)
Total	**2,462**	**182**	**(10)**	**-**	**2,634**

9. Intangible assets

		2019			2018
Description	**Rate**	**Cost**	**Amortization**	**Net**	**Net**
Software license	20%	445	(359)	86	134
Goodwill	-	22,612	(17,353)	5,259	5,259
Total		**23,057**	**(17,712)**	**5,345**	**5,393**

9.1. Changes in intangible assets in 2019

Description – cost	2018	Additions	Write-offs	Transfers	2019
Software license	446	8	(9)	-	445
Server project	-	-	-	-	-
Goodwill	22,612	-	-	-	22,612
	23,058	**8**	**(9)**	**-**	**23,057**
Accumulated amortization	(17,665)	(53)	6	-	(17,712)
Total	**5,393**	**(45)**	**(3)**	**-**	**5,345**

In thousands of reais (R$)

9.2. Changes in intangible assets in 2018

Description – cost	2017	Additions	Write-offs	Transfers	2018
Software license	362	3	-	81	446
Server project	81	-	-	(81)	-
Goodwill	22,612	-	-	-	22,612
	23,055	**3**	**-**	**-**	**23,058**
Accumulated amortization	(17,613)	(52)	-	-	(17,665)
Total	**5,442**	**(49)**	**-**	**-**	**5,393**

10. Borrowings

Description	Conditions	2019	2018
Citibank borrowing - Swap	9.94% p.s. and 4.83% of interest	5,225	6,224
Itaú – Working capital	1.10% p.m.	-	3,075
Interest on borrowings	9.94% p.s. and 1.10% and 4.83% of interest	-	215
Provision for variation – Swap	9.94% p.s. and 4.83% of interest	132	158
Discounted trade notes	1.06%	-	85
Total		**5,357**	**9,757**

11. Trade payables

Description	2019	2018
Domestic suppliers	1,523	2,372
Reversal of unshipped goods	(22)	(38)
Foreign suppliers	-	157
Total	**1,501**	**2,491**

12. Payroll and related taxes

Description	2019	2018
Provision for vacation pay	643	609
Salaries payable	411	225
Provision for 13th monthly salary	125	116
Total	**1,179**	**950**

In thousands of reais (R$)

13. Other payables

Description	2019	2018
Accounts payable	1,144	1,194
Provision for commercial discount	281	474
Provision for freight	311	313
Advances from customers	97	9
Freight payable	60	55
Sundry provisions	55	53
Provision for profit sharing	29	39
Provision for bonus	18	38
Provision for legal expenses - Minutes / By-laws	16	-
Provision for internal audit	11	31
Total	**2,022**	**2,206**

14. Provision for contingencies

Description	2019	2018
Labor contingencies	460	905
Total	**460**	**905**

The Company is party to labor, civil and tax lawsuits and is discussing these issues in both the administrative and judicial spheres, which when applicable, are supported by escrow deposits. The respective provisions were recorded according to the estimates of their legal counselors for the lawsuits whose probability of loss in the respective outcomes was assessed as probable. Management believes that the outcomes of these issues will not have a significantly different effect from the provisioned amount.

(a) Not recorded contingencies (whose likelihood of loss is considered possible)

As at March 31, 2019, in addition to the aforementioned provision, the amount of R$ 787 (R$ 1,061 at March 31, 2018) arising from labor and civil lawsuits, whose likelihood of loss is considered possible by the Company's legal counselors, and for which Management does not consider necessary to set up a provision in the financial statements.

15. Taxes in installments

Description	2019	2018
Refis Law 12,996/14	1,512	1,512
Refis Pert - Law 13,496/2017	1,111	1,145
Refis Inss "PULVITEC S.A"	374	374
Total	**2,997**	**3,031**

In thousands of reais (R$)

16. Capital

a) Capital

The Company's capital at March 31, 2019 amounted to R$ 74,302,868.00 (R$ 69,490,777.00 at March 31, 2018), comprising 74,302,868 (69,490,777 in 2017) quotas with par value of R$ 1.00 each, held as follows:

Description	%	Quotas	Valor
Pidilite Industries Limited	99.99	74,302	74,302
Pidilite International Pte. Ltda.	0.001	1	1
Total	**100%**	**74,303**	**74,303**

b) Capital increase

On February 28, 2019, pursuant to the 15th amendment to its articles of organization, Company capital was increased by R$ 4,842,091.00, through issue of 4,842,091 new quotas, with par value of R$ 1.00 each, fully subscribed and paid up.

17. Net operating revenue

Description	2019	2018
Sales of goods - domestic market	56,218	59,264
Resale of goods - domestic market	4,847	2,968
Resale of goods - Manaus Free Trade Zone (ZFM) or Free Trade Area (ALC)	2,258	1,477
Exports	594	887
Manufacturing in other companies	218	339
Sale of goods - ZFM or ALC	227	21
Sales treated alike export sales	5	6
Reversal of goods not shipped - cut-off	205	(610)
Gross revenue	**64,572**	**64,352**
Taxes on revenue	(13,748)	(14,087)
Sales returns - net	(1,963)	(1,715)
Prepaid taxes	(537)	(525)
Total	**48,324**	**48,025**

18. Cost of sales and services

Description	2019	2018
Cost of sales and services	(31,436)	(29,430)
Inventory adjustments	(733)	(282)
Manufacturing costs	(95)	(271)
Reversal of inventories sold and not delivered	(30)	177
Total	**(32,294)**	**(29,806)**

In thousands of reais (R$)

19. General and administrative expenses

Description	2019	2018
Payroll and related taxes	(7,092)	(6,901)
Selling expenses	(4,904)	(5,096)
Freight expenses	(2,175)	(2,520)
Services provided by third parties	(1,106)	(1,209)
Rental and Municipal Real Estate Tax (IPTU)	(585)	(581)
Travel expenses	(431)	(541)
Tax expenses	(102)	(347)
Depreciation and amortization	(120)	(113)
Telephone and Internet	(67)	(108)
Consumables	(65)	(52)
Electric energy	(46)	(47)
Labor contingencies expenses	(37)	(390)
Equipment rental	(35)	(30)
Other expenses	(257)	(98)
Total	**(17,022)**	**(18,033)**

20. Other operating income (expenses), net

Description	2019	2018
Income from refund of taxes	619	11
Other income	148	150
Other expenses	16	(118)
Disposal - property, plant and equipment / Control of Tax Credits on Permanent Assets (CIAP)	10	(9)
Revenue from property, plant and equipment	-	5
Total	**793**	**39**

In thousands of reais (R$)

21. Finance income (costs), net

Description	2019	2018
Finance income		
Discount obtained	56	80
Interest income from customers	51	54
Income from financial investments	21	-
SWAP income	-	158
Exchange gains	120	367
	248	**659**
Finance costs		
Exchange losses	(98)	(594)
Interest on borrowings	-	(1,211)
Interest and fines on taxes	(10)	(10)
Interest and fines	(23)	(290)
Other finance costs	(102)	(319)
Banking expenses	(164)	(208)
SWAP costs	(592)	(158)
Notary's office expenses	-	(17)
Total	**(989)**	**(2,807)**
Total	**(741)**	**(2,148)**

22. Risk management

Management understands that the Company is exposed to the following risks arising from its financial instruments:

- Credit risk;
- Currency risk; and
- Liquidity risk.

This explanatory note discloses information on the Company's exposure to each of the above risks, the risk policy objectives and the risk assessment, risk management and capital management processes.

The Company's Management is held responsible for the establishment and supervision of the risk management structure. The risk management policies have been established to identify and assess the risks to which it is exposed, to define appropriate risk exposure limits and risk controls, and to monitor risks and compliance with the limits of exposure to risk established. The risk policies and systems are reviewed periodically to respond to changes in market conditions and in the activities of the Company.

Credit risk

This risk arises from the possibility of the Company incurring losses resulting from difficulty in receiving amounts billed to its customers and distributors. In order to mitigate this type of risk, the Company carries out individual credit analysis of its customers, based on the analysis of potential sales, risk and default history, data from risk rating agencies and market data.

Currency risk

Currency risk arises from current and future commercial operations, generated mainly by borrowings in foreign currency.

The currency risk management policy defined by the Company's Management is to hedge up to 100% of the amount of the borrowing taken out in foreign currency through foreign exchange swap.

It is important to highlight that the effective net exposure is mainly related to the estimated future cash flows, for which there is the possibility of adjustment in the composition of prices to be practiced in the retail market, as a way of offsetting any variations in costs due to appreciation in the US dollar. Actual results may only be determined upon settlement of foreign currency borrowings and swaps.

Liquidity risk

This risk arises from the possibility of reduction in resources destined to the payment of debts. Management monitors ongoing forecasts of the Company's liquidity requirements to ensure sufficient cash to meet its operating needs.

23. Insurance coverage

The Company has insurance coverage in amounts considered sufficient by the technical and operational departments (DTO) to cover any risks on its assets and/or liabilities.
The scope of work of our auditors does not include the issuance of an opinion on the sufficiency of the insurance coverage, which was determined by the Company's Management, which considers it sufficient to cover any losses.

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