DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2011

Your directors present their report on the company for the financial year ended 31 March 2011.

Directors

The names of the directors in office at any time during or since the end of the year are:

Mr Surampndi Sivakumar Mr David Charles McDonald

Mr Arup Kumar Mukerji Mr Allan Hendry (effective 25 August 2010)

Mr Bhargavan Sumant (resigned effective 13 August 2010)

Mr Sachidanand Madan (effective 25 August 2010)

All the directors have been in office since the start of the financial year until the date of this report, unless otherwise stated.

Corporate information

Technico Pty Limited is a company limited by shares that is incorporated and domiciled in Australia. Its parent entity is Russell Credit Limited, a company registered in India and a wholly owned subsidiary of ITC Limited, a public company whose shares are listed on major stock exchanges in India.

The registered office of Technico Pty Limited is located at:

Suite 5, 20 Bundaroo Street
BOWRAL NSW 2576
Australia

There were two employees on the rolls of the company at 31 March 2011. The company also utilises the services of consultants to support its operations.

Principal activities

The principal activities of your company during the financial year under review were anchored on horticulture technology together with its downstream implementation and commercialisation and activities associated therewith. The company owns the proprietary TECHNITUBER ® technology in this field and has undertaken commercialisation of such technology through its wholly owned subsidiaries in different geographies viz:

— Technico Agri Sciences Limited, India
— Technico Asia Holdings Pty Limited, Australia ('TAHL')
— Technico Horticultural (Kunming) Co. Limited, China
  (100% subsidiary of TAHL)
— Technico Technologies Inc., Canada
— Technico ISC Pty Limited (TISCPL), a 100% subsidiary of the company and a dormant entity since its incorporation, was voluntarily deregistered on 3 November 2010.

Review and results of operations

Your company is focused on ensuring the continuous upgrading of the TECHNITUBER ® technology and customising its application across various geographies. Your company is also engaged in the marketing of TECHNITUBER ® seeds to global customers by leveraging the production facilities of its subsidiaries in India, China and Canada.

For the year under review, your company registered a turnover of A$1,584,348 (2010: A$1,953,344) and a net profit of A$100,232 (2010: A$709,431). It may be recalled that the profits for the previous year included A$0.51 million on account of reversal of the earlier write down of the company's investment in its subsidiary Technico Asia Holdings Pty Ltd, Australia. Further, sales and post tax profits for the year under review were adversely affected by the appreciation in the Australia Dollar versus the US Dollar, which is the invoicing currency for the company.

The property at Paddy's River, Australia could not be sold due to a depressed real estate market. The company has recently engaged a reputed real estate advisory firm to facilitate disposal of the said property.

No dividends have been paid or declared during the financial year.

Significant changes in the state of affairs

No significant changes in the state of affairs occurred during the financial year.

Significant events after balance sheet date

There are no significant events after the balance sheet date to be reported.

Future developments and results

Further development of the TECHNITUBER® technology is being pursued.

Environmental regulation and performance

The company is not subject to any particular or significant environmental regulation.

Indemnification and insurance of directors

During the financial year, the company paid premiums in respect of a contract insuring all directors and officers of Technico Pty Limited for general directors' and officers' liability. The amount of the premium paid was $6,304 (2010: $6,303).

The indemnification covers, on behalf of all directors and officers, all losses which they become legally obligated to pay on account of any claim first made against them during the policy period for a wrongful act committed before or during the policy period.

Auditor independence

The auditor's independence declaration from Gillespies is on page **26** of this report.

Signed in accordance with a resolution of the Board of Directors:

Place: Sydney, Australia Allan Hendry
Date: 26th April 2011 *Director*

DIRECTORS' DECLARATION FOR THE YEAR ENDED 31 MARCH 2011

In accordance with a resolution of the directors of Technico Pty Limited, we state that in the opinion of the directors :

(a) the company is not a reporting entity as defined in the Australian Accounting Standards;

(b) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the company's financial position as at 31 March 2011 and of their performance for the year ended on that date; and

  (ii) complying with Accounting Standards and Corporations Regulations; and

(c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Place : Sydney, Australia Allan Hendry
Date: 26th April 2011 *Director*

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF TECHNICO PTY LIMITED FOR THE YEAR ENDED 31 MARCH 2011

In relation to our audit of the financial report of Technico Pty Limited for the financial year ended 31 March 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

GILLESPIES
Chartered Accountants

Suite 5, 20 Bundaroo Street
BOWRAL NSW 2576 David Duff
Dated: 26th April 2011 *Partner*

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF TECHNICO PTY LIMITED FOR THE YEAR ENDED 31 MARCH 2011

We have audited the accompanying financial report, being a special purpose financial report of Technico Pty Limited, which comprises the statement of financial position as at 31 March 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report and have determined that the basis of preparation described in note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Technico Pty Limited, would be in the same terms if given to the directors as at the time of the auditor's report.

Audit opinion

In our opinion, the financial report of Technico Pty Limited is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the company's financial position as at 31 March 2011 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards to the extent described in note 1, and the *Corporations Regulations 2001*.

Basis of accounting

Without modifying our opinion, we draw attention to Note 1(a) to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

GILLESPIES
Chartered Accountants

Dated: 26th April 2011
Suite 5, 20 Bundaroo Street
BOWRAL NSW 2576

David Duff
Partner

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 $	2011 ₹	2010 $	2010 ₹
CONTINUING OPERATIONS					
Sale of goods	2(a)	**1,584,348**	**69,133,025**	1,953,344	74,412,640
Cost of Sales:					
Other Cost of Sales		**(861,993)**	**(37,613,065)**	(1,045,559)	(39,830,570)
Inventory Write Off and Write Down		—	—	—	—
GROSS PROFIT		**722,355**	**31,519,960**	907,785	34,582,070
Other Income	2(a)	**206,773**	**9,022,540**	433,865	16,528,087
Marketing Expenses		—	—	(32)	(1,219)
MENA Expenses		**(203,741)**	**(8,890,239)**	(288,286)	(10,982,255)
Research and Development Expenses		**(157,343)**	**(6,865,662)**	(105,220)	(4,008,356)
Occupancy Expenses		**(3,705)**	**(161,668)**	(3,429)	(130,628)
Administration Expenses:					
Other Administration Expenses		**(443,218)**	**(19,339,817)**	(646,623)	(24,633,103)
Recovery/(Write Down) Investments and Loans		—	—	429,188	16,349,917
Finance Costs	2(b)	**(20,889)**	**(911,491)**	(17,817)	(678,739)
Reversal of Provision for Employee Share Scheme		—	—	—	—
PROFIT FROM CONTINUING OPERATIONS BEFORE INCOME TAX EXPENSE		**100,232**	**4,373,623**	709,431	27,025,774
Income Tax Expense	3	—	—	—	—
Total comprehensive income attributable to members of Technico Pty Ltd		**100,232**	**4,373,623**	709,431	27,025,774
Other comprehensive income		—	—	—	—
Total comprehensive income for the period		**100,232**	**4,373,623**	709,431	27,025,774
Profit from continuing operations after income tax expense		**100,232**	**4,373,623**	709,431	27,025,774
Net profit for the period		**100,232**	**4,373,623**	709,431	27,025,774
Net profit attributable to members of Technico Pty Limited		**100,232**	**4,373,623**	709,431	27,025,774

BALANCE SHEET AS AT 31 MARCH 2011

	Notes	2011 $	2011 ₹	2010 $	2010 ₹
CURRENT ASSETS					
Cash and Cash Equivalents	4	446,554	20,589,489	390,222	16,062,513
Trade and Other Receivables	5(a)	808,879	37,295,388	797,142	32,812,358
Other	6	26,910	1,240,753	16,298	670,866
		1,282,343	59,125,630	1,203,662	49,545,737
Non-Current Assets Classified as Held for Sale	8	376,381	17,353,987	376,381	15,492,783
Total Current Assets		1,658,724	76,479,617	1,580,043	65,038,520
Non-Current Assets					
Receivables	5(b)	7,826	360,837	2,301	94,715
Other Financial Assets	7	14,269,282	657,920,920	14,269,282	587,359,320
Property, Plant and Equipment	8	2,068	95,350	3,005	123,693
Intangible Assets	9	24,955	1,150,613	27,704	1,140,366
Total Non-Current Assets		14,304,131	659,527,720	14,302,292	588,718,094
Total Assets		15,962,855	736,007,337	15,882,335	653,756,614
CURRENT LIABILITIES					
Trade and Other Payables	10	779,619	35,946,283	804,519	33,116,013
Loans and Borrowings	11	230,000	10,604,725	500,000	20,581,520
Provisions	12	22,992	1,060,104	17,804	732,857
TOTAL CURRENT LIABILITIES		1,032,611	47,611,112	1,322,323	54,430,120
Non-Current Liabilities					
Loans and Borrowings	11	500,000	23,053,750	230,000	9,467,375
Provisions	12	—	—	—	—
TOTAL NON-CURRENT LIABILITIES		500,000	23,053,750	230,000	9,467,375
TOTAL LIABILITIES		1,532,611	70,664,862	1,552,323	63,897,495
NET ASSETS		14,430,244	665,342,475	14,330,012	589,859,119
EQUITY					
Contributed equity	13	43,989,182	2,028,231,209	43,989,182	1,810,704,704
Accumulated Losses	14	(29,558,938)	(1,362,888,734)	(29,659,170)	(1,220,845,585)
TOTAL EQUITY		14,430,244	665,342,475	14,330,012	589,859,119

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2011

	Contributed equity $	Retained earnings $	Share based payment reserve $	Total $
At 1 April 2009	43,989,182	(30,368,601)	—	13,620,581
Profit for the Period	—	709,431	—	709,431
At 31 March 2010	43,989,182	(29,659,170)	—	14,330,012
Profit for the Period	—	100,232	—	100,232
At 31 March 2011	43,989,182	(29,558,938)	—	14,430,244

	Contributed equity ₹	Retained earnings ₹	Share based payment reserve ₹	Total ₹
At 1 April 2009				
Profit for the Period	2,028,231,209	(1,400,220,271)	—	628,010,938
Share Issue	—	32,710,090	—	32,710,090
At 31 March 2010	2,028,231,209	(1,367,520,181)	—	660,721,028
Profit for the Period	—	4,621,447	—	4,621,447
At 31 March 2011	2,028,231,209	(1,362,888,734)	—	665,342,475

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 $	2011 ₹	2010 $	2010 ₹
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from Customers		1,572,611	68,620,881	1,403,409	53,462,866
Receipts of Sundry Income		188,577	8,228,557	417,316	15,897,653
Payments to Suppliers and Employees		(1,720,209)	(75,061,320)	(1,460,752)	(55,647,347)
Goods and Services Tax (GST) Received		19,817	864,715	25,590	974,851
Interest Received		18,196	793,982	16,549	630,434
Borrowing Costs		(20,889)	(911,491)	(17,817)	(678,739)
Receipts from Management Fees		—	—	—	—
NET CASH FLOWS FROM OPERATING ACTIVITIES		58,103	2,535,324	384,295	14,639,718
Cash Flow from Investing Activities					
Proceeds from Sale of Property, Plant and Equipment		—	—	—	—
Payments for Protection of Technology		(1,771)	(77,278)	(10,441)	(397,750)
Purchase of Property, Plant and Equipment		—	—	(2,838)	(108,114)
Loans to Related Parties		—	—	—	—
NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES		(1,771)	(77,278)	(13,279)	(505,184)
Cash Flows from Financing Activities					
Investment in Subsidiary		—	—	(87,048)	(3,316,094)
Proceeds from Issue of Shares		—	—	—	—
Repayment of Borrowings		—	—	—	—
NET CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES		—	—	(87,048)	(3,316,094)
NET INCREASE/(DECREASE) IN CASH HELD		56,332	2,458,046	283,968	10,817,760
Add Opening Cash Brought Forward		390,222	—	106,254	—
CASH AND CASH EQUIVALENTS AT END OF PERIOD		446,554	20,589,489	390,222	16,062,513

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31 MARCH 2011

Corporate Information

Technico Pty Limited is a company limited by shares that is incorporated and domiciled in Australia. Its parent entity is Russell Credit Limited, a company registered in India and a wholly owned subsidiary of ITC Limited, a public company listed in National Stock Exchange and Bombay Stock Exchange in India.

The registered office of Technico Pty Limited is located at:

Suite 5,
20 Bundaroo Street
BOWRAL NSW 2576
Australia

The company employed two employees at 31 March 2011. The company also utilises the services of consultants to support its operations.

Note 1: Statement of significant accounting policies

(a) Basis of preparation

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Corporations Act 2001*.

The financial report is prepared for distribution to members of the company to fulfil the directors' financial reporting requirements under Chapter 2M of the *Corporations Act 2001*, wherein the company is considered to be a large proprietary company. The accounting policies used in the preparation of this report, as described below, are in the opinion of the directors, appropriate to meet the needs of members

The financial report has been prepared on a historical cost basis and is presented in Australian dollars. The supplementary information in ₹ (Indian Rupees), which are unaudited, have been arrived at by applying the year end inter-bank exchange rate of 1 AUD = ₹ 46.1075 for the current year balance sheet (2010: ₹ 41.1625) and the average rate of 1 AUD = ₹ 43.6350 for the current year income statement (2010: ₹ 38.0950), and have been included in the financial report as required by the parent entity.

The directors have determined that the company is not a "reporting entity". Consequently the requirements of Accounting Standards issued by the AASB and other professional reporting requirements do not have mandatory applicability to Technico Pty Limited in relation to the year ended 31 March 2011. However, the directors have determined that in order for the financial report to give a true and fair view of the company's results of operations and state of affairs, the requirements of Accounting Standards and other professional reporting requirements in Australia relating to the measurement and recognition of assets, liabilities, revenues, expenses and equity should be complied with.

Accordingly, the directors have prepared the financial report in accordance with the following Accounting Standards:

AASB 101: Presentation of Financial Statements

AASB 107: Cash Flow Statements

AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors

AASB 1048: Interpretation and Application of Standards

The material accounting policies that have been adopted in the preparation of these statements are as follows:

Going concern

Though the company has accumulated losses of $29,558,938 as at 31 March 2011 (2010 : $29,659,170), the management believe that the application of the going concern basis of accounting is appropriate due to the expected cash flows of the company over the next twelve months and the belief that the company is an important part of the business plans of ITC limited and a key element of the strategic investment portfolio of Russell Credit Limited, the parent entity. Any exposure of the parent entity in the Company is limited to equity or fund based commitments in accordance with the terms of approval of its regulator in India.

(b) Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Investment in subsidiaries

The carrying value of the investment in subsidiaries is assessed at each reporting date as to whether there is an indication that the asset may be impaired. The assessment includes estimates and assumptions of future events including anticipated rates of growth, gross margins, together with the application of a discount rate. These assumptions correspond with the best estimates of management at reporting date.

(c) Foreign currency translation

The functional and presentation currency of Technico Pty Limited is Australian dollars ($).

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the financial report are taken to profit or loss.

(d) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(e) Receivables

Trade receivables are recognised and carried at the original amount less any provision for doubtful debts. A provision is recognised when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(f) Other financial assets

Investments in controlled entities are recorded at cost less impairment of the investment value.

(g) Impairment of assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

(h) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight line basis over the estimated useful life of the assets as follows :

Class of fixed asset	**2011**	2010
Buildings	**6.70 %**	6.70 %
Plant and equipment	**13-27 %**	13-27 %

The assets' residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, at each financial year end.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(i) Non current assets held for sale

Non current assets are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction. These assets have not been depreciated in this financial period.

(j) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

Finance leases, which transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit and loss.

(k) Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid and arise when the company becomes obliged to make future payments in respect of the purchase of these goods and services.

(l) Provisions

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

When the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. Provisions are measured at the present value of management best estimate of the expenditure required to settle the present obligation at the balance sheet date.

If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(m) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(n) Revenue recognition

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

Sale of goods

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Rendering of services

Revenue from the provision of services is recognised when control of the right to be compensated for the services and the stage of completion can be reliably measured.

(o) Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except :

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(p) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(q) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within twelve months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(r) Intangibles other than goodwill on acquisition

Technology, patents and trademarks

Intangibles include TECHNITUBER® technology of the company and trademarks and are considered to have finite lives, and are amortised over the useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. If benefit is no longer expected to be received, the asset will be written down to its net realisable value.

(s) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(t) Adoption of new and revised accounting standards

During the current year, the company has adopted the revised Australian Accounting Standard AASB 101: Presentation of Financial Statements, which became mandatory. The adoption of this standard has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of this standard has had on the financial statements of Technico Pty Ltd.

AASB 101: Presentation of Financial Statements

In September 2007, the Australian Accounting Standards Board revised AASB 101, and as a result there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the company's financial statements.

Disclosure impact

Terminology changes – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements. These changes are not expected to impact the financial performance or financial position of the company.

Reporting changes in equity – The revised AASB 101 requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from the non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity be presented in the income statement.

The impact of this change is that dividends recognised as distributions to owners and dividends per share are now disclosed in Note 4 to the financial statements.

Statement of comprehensive income – The revised AASB 101 requires all income and expenses to be presented in either one statement – the statement of comprehensive income, or two statements – a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The company's financial statements now contain a statement of comprehensive income.

Other comprehensive income – The revised version of AASB 101 introduces the concept of "other comprehensive income" which comprises of income and expense that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are also required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

The impact of this requirement is the disclosure within Note 3 to the financial statements, which reflects the grossed up value of each item of other comprehensive income and the income tax expense/benefit attributed to the item.

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MARCH 2011

	2011		2010	
	$	₹	$	₹
Note 2: Revenues and Expenses				
Revenue and Expenses from Continuing Activities				
(a) *Revenue*				
Sale of Goods	1,584,348	69,133,025	1,953,344	74,412,640
Finance Revenue	18,196	793,982	16,549	630,434
Agronomy Support Income	69,670	3,040,050	—	—
Sundry Income	118,907	5,188,508	417,316	15,897,653
	1,791,121	78,155,565	2,387,209	90,940,727
Breakdown of Finance Revenue:				
Bank Interest	18,196	793,982	16,549	630,434
(b) *Finance Costs*				
Bank Loans and Overdrafts	20,889	911,491	17,817	678,739
(c) *Depreciation, Amortisation and Costs of Inventories Included in the Income Statement*				
Depreciation of Non Current Assets:				
Buildings	—	—	—	—
Plant and Equipment	937	40,886	896	34,133
Total Depreciation of Non Current Assets	937	40,886	896	34,133
Amortisation of Non Current Assets:				
Leased Plant and Equipment	—	—	—	—
Technology and trademarks	4,520	197,230	4,788	182,399
Total Amortisation of Non Current Assets	4,520	197,230	4,788	182,399
Total Depreciation and Amortisation Expenses	4,520	197,230	4,788	182,399
Cost of Inventories Recognised as an Expense Includes				
Write Down of Inventory to Net Realisable Value	—	—	—	—
(d) *Employee Benefit Expense*				
Wages and Salaries	290,259	12,665,451	436,782	16,639,210
Workers' Compensation Costs	830	36,217	3,892	148,266
Annual Leave Provision	7,740	337,735	3,943	150,209
Share Options	—	—	—	—
Note 3: Income Tax				
The Major Components of Income Tax Expenses are:				
Income Statement				
Current Income Tax				
Current Income Tax Charge	—	—	—	—
Adjustments in Respect of Current Income Tax of Previous Years	—	—	—	—
Deferred Income Tax				
Relating to Origination and Reversal of Temporary Differences	—	—	—	—
Income Tax Expenses reported in the Income Statement	—	—	—	—
A reconciliation between income tax expense and the product of accounting profit before income tax multiplied by the company's applicable income tax rate is as follows :				
Accounting profit before income from continuing operations at the statutory income tax rate of 30%	30,070	1,312,104	212,829	8,107,732
Amortisation of Technology	(101)	(4,407)	(100)	(3,829)
Movement in employee entitlements	1,556	67,896	(2,297)	(87,485)
Write Back or Write Down of Investments in Wholly Owned Subsidiaries	—	—	(164,004)	(6,247,721)
Non deductible expenses/timing differences	13,428	585,931	29,125	1,109,513
(Recoupment of prior year tax losses) / Future income tax benefits not brought to account	(44,953)	(1,961,524)	(75,554)	2,878,211
Income Tax Attributable to Ordinary Activities	—	—	—	—

Income Tax Losses

Future income tax benefits arising from revenue timing differences and tax losses of the parent entity amounted to $44,953 (2010: $75,554). This has not been brought to account at balance sheet date as realisation is not considered probable.

The future income tax benefit will only be obtained if :

(i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised ;

(ii) the conditions for deductibility imposed by tax legislation continue to be complied with ; and

(iii) no changes in tax legislation adversely affect the economic entity in realising the benefit.

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MARCH 2011 (Contd.)

	Notes	2011 $	2011 ₹	2010 $	2010 ₹
Note 4: Cash and cash equivalents					
Current					
Cash at Bank		11,583	534,063	15,946	656,377
Deposits at Call		434,971	20,055,426	374,276	15,406,136
		446,554	20,589,489	390,222	16,062,513

(a) Terms and conditions relating to the above financial instruments:
(i) cash at bank has a weighted average interest rate of 0% (2010: 0%); and
(ii) deposits at call has a weighted average effective interest rate of 4.5% (2010: 4.5%).

(b) Reconciliation of net profit / (loss) after tax to the net cash flows from operations:				
Net profit / (loss)	100,232	4,373,623	709,431	27,025,774
Non-cash items:				
Amortisation of non-current assets	4,520	197,230	4,788	182,399
Depreciation of non-current assets	937	40,886	896	34,133
Decrease in value of inventories	—	—	—	—
Provision for doubtful debts	—	—	—	—
(Increase) / decrease in value of receivables in subsidiaries	(5,525)	(241,083)	16,590	631,996
(Increase) / decrease in value of investments in subsidiaries	—	—	(429,188)	(16,349,917)
Unrealised foreign currency revaluation	—	—	—	—
(Profit) on sale of property, plant and equipment	—	—	—	—
Employee benefits equity reserve	—	—	—	—
Changes in assets and liabilities:				
(Increase) / decrease in trade and other receivables	(11,737)	(512,144)	(566,525)	(21,581,770)
Decrease in inventories	—	—	—	—
(Increase) / decrease in other current assets	(10,612)	(463,055)	(429)	(16,343)
(Decrease) / increase in trade creditors and accruals	(24,900)	(1,086,511)	656,387	25,005,063
(Decrease) in employee provisions	5,188	226,378	(7,655)	(291,617)
Cash flows from operation	58,103	2,535,324	384,295	14,639,718

(c) Financial facilities available
At reporting date, the following financing facilities had been negotiated and were available:

Total Facilities				
Bank Loans	230,000	10,604,725	230,000	9,467,375
Loan from Russell Credit Ltd (parent company)	500,000	23,053,750	500,000	20,581,250
Facilities used at reporting date				
Bank Loans	230,000	10,604,725	230,000	9,467,375
Loan from Russell Credit Ltd.	500,000	23,053,750	500,000	20,581,250

	Notes	2011 $	2011 ₹	2010 $	2010 ₹
Note 5: Trade and other receivables					
Current					
Trade Debtors	(a)	809,015	37,301,659	795,057	32,726,534
Provision for doubtful debts		—	—	—	—
		809,015	37,301,659	795,057	32,726,534
Other Debtors	(a)	(136)	(6,271)	2,085	85,824
		808,879	37,295,388	797,142	32,812,358
Non-Current					
Amounts receivable from wholly owned subsidiaries		7,826	360,837	2,301	94,715
Provision for doubtful debts		—	—	—	—
		7,826	360,837	2,301	94,715

(a) Terms and conditions
Terms and conditions relating to the above financial instruments:
(i) current trade debtors are non-interest bearing and generally on 180 day terms; and
(ii) other debtors are non-interest bearing and generally have repayment terms of 30 days.

	Notes	2011 $	2011 ₹	2010 $	2010 ₹
Note 6: Other assets					
Current					
Prepayments		26,910	1,240,753	16,298	670,866
Note 7: Other financial assets					
Non-current					
Shares in subsidiaries:					
At cost		18,180,409	838,253,208	18,180,411	748,351,168
Provision for write-down	(a)	(3,911,127)	(180,332,288)	(3,911,129)	(160,991,848)
Total other financial assets		14,269,282	657,920,920	14,269,282	587,359,320

(a) Provision for write-down of subsidiaries

The losses generated within the subsidiaries have resulted in a provision for write-down to net assets being recorded against the cost amount of the investment.

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MARCH 2011

Interest in subsidiaries

	Percentage of equity interest held by the consolidated entity country of incorporation	%	Investment (Provision for diminution) 2011 $	2011 ₹	2010 $	2010 ₹
Technico Asia Holdings Pty Ltd. (formerly known as Technico China Pty Ltd.)	Australia	100	3,684,522	169,884,098	3,684,522	151,664,137
			(2,714,786)	(125,171,995)	(2,714,786)	(111,747,379)
			969,736	44,712,103	969,736	39,916,758
Technico ISC Pty Ltd.	Australia	100	—	—	2	82
			—	—	(2)	(82)
			—	—	—	—
Technico Technologies Inc.	Canada	100	1,196,341	55,160,293	1,196,341	49,244,386
			(1,196,341)	(55,160,293)	(1,196,341)	(49,244,386)
			—	—	—	—
Technico Agri Sciences Ltd. (formerly known as Chambal Agritech Ltd.)	India	100	13,299,546	613,208,817	13,299,546	547,442,562
			—	—	—	—
			13,299,546	613,208,817	13,299,546	547,442,562

	Notes	2011 $	2011 ₹	2010 $	2010 ₹
Note 8: Property, plant and equipment					
Non-current					
Land and building					
Land at cost		327,725	15,110,580	327,725	13,489,980
Accumulated amortisation and impairment		—	—	—	—
Net carrying amount transferred to assets held for sale		327,725	15,110,580	327,725	13,489,980
Buildings at cost		191,765	8,841,805	191,765	7,893,527
Accumulated depreciation and impairment		(143,109)	(6,598,398)	(143,109)	(5,890,724)
Net carrying amount transferred to assets held for sale		48,656	2,243,407	48,656	2,002,803
Plant and equipment at cost		439,281	20,254,149	439,281	18,081,904
Accumulated depreciation and impairment		(439,281)	(20,254,149)	(439,281)	(18,081,904)
Net carrying amount transferred to assets held for sale		—	—	—	—
Total net carrying amount of land and buildings transferred to assets held for sale		376,381	17,353,987	376,381	15,492,783
Plant and equipment at cost		158,237	7,295,912	158,237	6,513,430
Accumulated depreciation and impairment		(156,169)	(7,200,562)	(155,232)	(6,389,737)
Net carrying amount		2,068	95,350	3,005	123,693
Total net carrying amount of plant and equipment		2,068	95,350	3,005	123,693
Total property, plant and equipment at cost		158,237	7,295,912	158,237	6,513,430
Accumulated depreciation, amortisation and impairment		(156,169)	(7,200,562)	(155,232)	(6,389,737)
Total property, plant and equipment transferred to assets held for sale		376,381	17,353,987	376,381	15,492,783
Total property, plant and equipment		2,068	95,350	3,005	123,693
Land					
Balance at beginning of the year – net of accumulated depreciation and impairment		327,725	15,110,580	327,725	13,489,980
Additions		—	—	—	—
Balance at end of the year – net of accumulated depreciation and impairment		327,725	15,110,580	327,725	13,489,980
Buildings at cost					
Balance at beginning of the year – net of accumulated depreciation and impairment		48,656	2,243,407	48,656	2,002,803
Additions		—	—	—	—
Depreciation expense		—	—	—	—
Balance at end of the year – net of accumulated depreciation and impairment		48,656	2,243,407	48,656	2,002,803
Plant and equipment at cost					
Balance at beginning of the year – net of accumulated depreciation and impairment		3,005	138,553	1,063	43,756
Additions		—	—	2,838	116,819
Disposals		—	—	—	—
Depreciation expense		(937)	(43,203)	(896)	(36,882)
Balance at end of the year – net of accumulated depreciation and impairment		2,068	95,350	3,005	123,693

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MARCH 2011

(b) Assets pledged as security

Included in the balances of land, buildings and equipment are assets over which a property charge and first mortgage have been granted as security over bank loans (see note 11). The terms of the first mortgage and charge preclude the assets from being used as security for further mortgages without the permission of the first mortgage holder. Assets under lease are pledged as security for the associated lease liabilities.

(c) Non-current assets held for sale

The assets held for sale correspond to the land, buildings and equipment at the Paddy's River TECHNITUBER® facility.

	Notes	2011 $	2011 ₹	2010 $	2010 ₹
Note 9: Intangible assets					
Non current					
TECHNITUBER® technology, patents and trademarks at cost		3,407,000	157,088,253	3,405,229	140,167,739
Less: Accumulated amortisation		(3,382,045)	(155,937,640)	(3,377,525)	(139,027,373)
		24,955	1,150,613	27,704	1,140,366
Movement in intangibles					
Balance at beginning of the year		27,704	1,277,362	22,051	907,674
Additions		1,771	81,657	10,441	429,778
Amortisation expense		(4,520)	(208,406)	(4,788)	(197,086)
Balance at the end of the year		24,955	1,150,613	27,704	1,140,366
Note 10: Trade and other payables					
Current					
Trade creditors		577,402	26,622,563	541,052	22,271,053
Sundry Creditors & Accruals		202,217	9,323,720	263,467	10,844,960
		779,619	35,946,283	804,519	33,116,013

Terms and conditions relating to the above financial instruments:

(i) trade creditors are non interest bearing and are normally settled on 180 day terms; and

(ii) balance due to sundry creditors is non interest bearing and is normally settled on 30 day terms.

	Notes	2011 $	2011 ₹	2010 $	2010 ₹
Note 11: Loans and borrowings					
Current					
Russell Credit Limited – unsecured (non interest bearing)	(b)	—	—	500,000	20,581,250
Bank loan – secured (interest bearing)		230,000	10,604,725	—	—
		230,000	10,604,725	500,000	20,581,250
Non current					
Bank loan – secured (interest bearing)	(a)	—	—	230,000	9,467,375
Russell Credit Limited – unsecured (non interest bearing)	(b)	500,000	23,053,750	—	—
		500,000	23,053,750	230,000	9,467,375

(a) The bank loan with the ANZ bank is secured over the land, buildings and plant and equipment at Paddy's River. An amount of $25,129 is being held on term deposit as security against the loan of $230,000. The loan was redrawn at the completion of the initial two year term in December 2009. The loan is repayable after three years (maximum term) from date of redraw. The effective interest rate is 9.08%.

(b) Russell Credit Limited, has provided an interest free loan for an amount of $500,000 to meet working capital requirement of the company. The loan is repayable by August 2012.

	Notes	2011 $	2011 ₹	2010 $	2010 ₹
Note 12: Provisions					
Current					
Employee entitlements		22,992	106,104	17,804	732,857
Non-Current					
Employee entitlements		—	—	—	—
Note 13: Contributed equity					
(a) Issued and paid up capital					
Ordinary shares fully paid 22,606,065 shares (2010: 22,606,065)		44,098,046	2,033,250,656	44,098,046	1,815,185,818
Discount on issue		(108,864)	(5,019,447)	(108,864)	(4,481,114)
		43,989,182	2,028,231,209	43,989,182	1,810,704,704

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MARCH 2011 (Contd.)

(b) Terms and conditions of contributed equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

		2011		2010	
	Notes	$	₹	$	₹
Note 14: Reserve and accumulated losses					
Accumulated losses		29,558,938	1,362,888,734	29,659,170	1,220,845,585
Balance at the beginning of year		29,659,170	1,367,510,181	30,368,601	1,250,047,539
Net (profit)/loss attributable to the members of Technico Pty Ltd.		(100,232)	(4,621,447)	(709,431)	(29,201,954)
Total unavailable for appropriation		29,558,938	1,362,888,734	29,659,170	1,220,845,585
Dividends paid or provided for		—	—	—	—
Aggregate amount transferred (to)/from reserves		—	—	—	—
Balance at the end of period		29,558,938	1,362,888,734	29,659,170	1,220,845,585
Note 15: Contigent liabilities					
Estimates of material amounts of contingent liabilities, not provided for in the financial report		—	—	—	—

Note 16: Events subsequent to reporting date

There are no subsequent events to be reported.

Note 17: Remuneration of auditors					
Amounts received or due and receivable by auditor:					
Audit of the entity by auditor/group auditor		70,000	3,054,450	62,700	2,388,557
Other services in relation to the entity		15,000	654,525	—	—
		85,000	3,708,975	62,700	2,388,557