

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2009

Your directors present their report on the company for the financial year ended 31 March 2009.

Directors

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

Mr David Charles McDonald
Mr Sachidanand Madan
Mr Anthony Bates (resigned 31 December 2008)
Mr Arup K Mukerji

Corporate information

Technico Asia Holdings Pty Limited is a company limited by shares that is incorporated and domiciled in Australia. It is a wholly owned subsidiary of Technico Pty Ltd, a company incorporated in Australia, which in turn is a 100% subsidiary of Russell Credit Limited, a company registered in India.

The registered office of Technico Asia Holdings Pty Limited is located at:

Suite 5, 20 Bundaroo Street BOWRAL NSW 2576, Australia

The company had no employees during the year.

Principal activities

The entity does not have any activity other than holding 100% of the shares of Technico Horticultural (Kunming) Co Limited, China.

Review and results of operations

As the company has no activity, it neither earned any profit nor incurred any loss during the year.

Significant events after balance date

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

Environmental regulation and performance

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

Indemnification and insurance of directors

Indemnification

The company has not, during or since the financial year, indemnified or agreed to indemnify a current or former director or officer or auditor of the company or of any related body corporate against a liability incurred whilst engaged as a director or officer or auditor.

Insurance

The company has not, during or since the financial year, paid any insurance premium or agreed to pay a premium insuring directors, officers and auditors of the company against liabilities for costs and expenses incurred in defending civil or criminal proceedings.

Auditor independence

The auditor's independence declaration from Gillespies is on page 12 of this report.

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

David Charles McDonald
Director

Place: Sydney, Australia
Date: 24^h April 2009

DIRECTORS' DECLARATION FOR THE YEAR ENDED 31 MARCH 2009

In accordance with a resolution of the directors of Technico Asia Holdings 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 2009 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:

David Charles McDonald
Director

Place: Sydney, Australia
Date: 24 April 2009

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF TECHNICO ASIA HOLDINGS PTY LIMITED FOR THE YEAR ENDED 31 MARCH 2009

In relation to our audit of the financial report of Technico Asia Holdings Pty Limited for the financial year ended 31 March 2009, 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

David Duff
Partner

Suite 5, 20 Bundaroo Street
BOWRAL NSW 2576
Dated: 24 April 2009

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF TECHNICO ASIA HOLDINGS PTY LIMITED FOR THE YEAR ENDED 31 MARCH 2009

Scope
The financial report and directors' responsibilities

The financial report is a special purpose financial report and comprises the balance sheet, income statement, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for Technico Asia Holdings Pty Limited ("the company") for the year ended 31 March 2009.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia to the extent described in note 1 to the financial statements, in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors have determined that the accounting policies used and described in note 1 to the financial statements are appropriate to meet the needs of the members. These policies do not require the application of all Accounting Standards and other mandatory financial reporting requirements in Australia. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members.

The financial report has been prepared for distribution to the members for the purpose of fulfilling the directors' financial reporting requirements under the *Corporations Act 2001*. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards in Australia to the extent described in note 1 to the financial statements, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Independence

We are independent of the company and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included at page 12 of the financial report. The Auditors' Independence declaration would have been expressed in the same terms if it had been given to the directors at the date this audit report was signed.

Audit opinion

In our opinion, the financial report of Technico Asia Holdings Pty Limited is in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of Technico Asia Holdings Pty Limited at 31 March 2009 and of its performance for the year ended on that date in accordance with the accounting policies described in note 1 to the financial statements; and
 - (ii) complying with Accounting Standards in Australia to the extent described in note 1 to the financial statements and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirement in Australia to the extent described in note 1 to the financial statements.

GILLESPIES
Chartered Accountants

David Duff
Partner

Suite 5, 20 Bundaroo Street
BOWRAL NSW 2576
Dated: 24 April 2009

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	Notes	2009		2008	
		\$	INR	\$	INR
Continuing operations					
Sale of goods		-	-	-	-
Cost of sales:					
Other cost of sales		-	-	-	-
Inventory write off and write down		-	-	-	-
Gross profit					
Other income		-	-	-	-
Marketing expenses		-	-	-	-
Research and development expenses		-	-	-	-
Occupancy expenses		-	-	-	-
Administration expenses:		-	-	-	-
Other administration expenses		-	-	-	-
(Write-down)/recovery investments and loans		-	-	-	-
Finance costs		-	-	-	-
Other revenues/(expenses) from ordinary activities		-	-	-	-
Profit/(loss) from continuing operations before income tax expense		-	-	-	-
Net profit/(loss) for the period		-	-	-	-
Net profit/(loss) attributable to members of Technico Asia Holdings Pty Limited		-	-	-	-

BALANCE SHEET AS AT 31 MARCH 2009

	Notes	2009		2008	
		\$	INR	\$	INR
Current assets					
Cash and cash equivalents		-	-	-	-
Trade and other receivables	2	-	-	28,863	1,059,200
Inventories		-	-	-	-
Other		-	-	-	-
Total current assets		-	-	28,863	1,059,200
Non-current assets					
Receivables		-	-	-	-
Other financial assets	3	453,500	15,884,971	453,500	16,642,316
Property, plant and equipment		-	-	-	-
Intangible assets		-	-	-	-
Total non-current assets		453,500	15,884,971	453,500	16,642,316
Total assets		453,500	15,884,971	482,363	17,701,516
Current liabilities					
Trade and other payables	4	-	-	28,863	1,059,200
Loans and borrowings	5	-	-	3,684,520	135,212,673
Provisions		-	-	-	-
Total current liabilities		-	-	3,713,383	136,271,873
Non-current liabilities					
Interest free loans and borrowings		-	-	-	-
Provisions		-	-	-	-
Total non-current liabilities		-	-	-	-
Total liabilities		-	-	3,713,383	136,271,873

BALANCE SHEET AS AT 31 MARCH 2009 (contd..)

Net assets		<u>453,500</u>	<u>15,884,971</u>	<u>(3,231,020)</u>	<u>(118,570,357)</u>
Equity					
Contributed equity	6	3,684,522	129,059,594	2	73
Accumulated losses	7	<u>(3,231,022)</u>	<u>(113,174,623)</u>	<u>(3,231,022)</u>	<u>(118,570,430)</u>
Total equity		<u>453,500</u>	<u>15,884,971</u>	<u>(3,231,020)</u>	<u>(118,570,357)</u>

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2009

	Contributed equity	Retained earnings	Total
	\$	\$	\$
At 1 April 2007	2	(3,231,022)	(3,231,020)
Loss for the period	-	-	-
At 31 March 2008	2	(3,231,022)	(3,231,020)
Issue of shares	3,684,520	-	3,684,520
Loss for the period	-	-	-
At 31 March 2009	<u>3,684,522</u>	<u>(3,231,022)</u>	<u>453,500</u>

	Contributed equity	Retained earnings	Total
	INR	INR	INR
At 1 April 2007	70	(113,174,623)	(113,174,553)
Loss for the period	-	-	-
At 31 March 2008	70	(113,174,623)	(113,174,553)
Issue of shares	129,059,524	-	129,059,524
Loss for the period	-	-	-
At 31 March 2009	<u>129,059,594</u>	<u>(113,174,623)</u>	<u>15,884,971</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	Notes	2009		2008	
		\$	INR	\$	INR
Cash flow from operating activities					
Net cash flows (used in) operating activities		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from financing activities					
Net cash flows from financing activities		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash held		-	-	-	-
Add opening cash brought forward		-	-	-	-
Cash and cash equivalents at end of period		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31 MARCH 2009

Note 1: Statement of significant accounting policies

(a) Basis of preparation and going concern

The financial report is a special purpose financial report prepared for distribution to members of the company to fulfil the directors' financial reporting requirements under the *Corporations Act 2001*. 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31 MARCH 2009
(contd..)**

The financial report has been prepared on a historical cost basis and is presented in Australian dollars. The supplementary information in INR (Indian Rupees), which is unaudited, have been arrived at by applying the year end inter-bank exchange rate of 1 AUD = INR 35.0275 for the current year balance sheet (2008: INR 36.6975) and the average rate of 1 AUD = INR 35.8625 for the current year income statement (2008: INR 35.9156) and have been included in the financial report as required by the Indian holding company of 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 Asia Holdings Pty Limited in relation to the year ended 31 March 2009. 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

(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) Receivables

Trade/other 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.

(d) Other financial assets

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

(e) 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31 MARCH 2009
(contd..)

(f) **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.

(g) **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.

Note 2: Trade and other receivables

	Notes	2009		2008	
		\$	INR	\$	INR
Current					
Trade and other receivables		-	-	28,863	1,059,200

Note 3: Other financial assets

Non-current

Shares in subsidiaries:

		2009	2008
		\$	INR
At cost		3,684,522	129,059,504
Provision for write-down		(3,231,022)	(113,174,623)
Total other financial assets		453,500	15,884,971

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.

	Percentage of equity interest held by the consolidated entity country of incorporation	%	Investment (Provision for diminution)			
			2009		2008	
			\$	INR	\$	INR
Technico Horticultural (Kunming) Co Ltd	China	100	3,684,522	129,059,504	3,684,522	135,212,746
			(3,231,022)	(113,174,623)	(3,231,022)	(118,570,430)
			453,500	15,884,971	453,500	16,642,316

Note 4: Trade and other payables

Current

	Notes	2009	2008
		\$	INR
Trade creditors		-	-
Balance due to Technico Pty Ltd (parent entity)		-	-
		28,863	1,059,200
		28,863	1,059,200

Terms and conditions relating to the above financial instruments:

- (i) trade creditors are non-interest bearing and are normally settled on 30 day terms; and
- (ii) balance due to Technico is non-interest bearing and are normally settled on 30 day terms.

	Notes	2009	2008
		\$	INR
Note 5: Loans and borrowings			
Current			
Interest free loan from Technico Pty Ltd (parent entity)		-	-
		3,684,520	135,212,673

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31 MARCH 2009
(contd..)**

**Note 6: Contributed equity
Issued and paid up capital**

3,684,522 Ordinary shares fully paid 3,684,522 129,059,594 2 73

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.

During the year, the company issued 3,684,520 ordinary shares to Technico Pty Limited Australia, by converting the loan earlier provided by the parent entity.

	Notes	\$	2009 INR	\$	2008 INR
Note 7: Reserves and accumulated losses					
Accumulated losses					
Balance at beginning of year		(3,231,022)	(113,174,623)	(3,231,022)	(118,570,430)
Net loss attributable to the members of Technico Asia Holdings Ltd		-	-	-	-
Total (available)/unavailable for appropriation		(3,231,022)	(113,174,623)	(3,231,022)	(118,570,430)
Dividends paid or provided for		-	-	-	-
Aggregate amount transferred (to)/from reserves		-	-	-	-
Balance at end of period		<u>(3,231,022)</u>	<u>(113,174,623)</u>	<u>(3,231,022)</u>	<u>(118,570,430)</u>

Note 8: Events subsequent to reporting date

There are no subsequent events to be reported.