

Management Report for Technico Horticultural (Kunming) Co Ltd.

Corporate Information

Technico Horticultural (Kunming) Co Ltd (“Company”) is domiciled in Yunnan Province, People’s Republic of China. Its parent entity is Technico Asia Holdings Pty Ltd (formerly Technico China Pty Ltd), a company incorporated in Australia.

The registered office of the Company is located at,

A-38 Yanglin Industrial Development Zone,
Songming,
Yunnan Province,
People’s Republic of China.

There were 59 employees on the rolls of the Company as at 31 December, 2008.

Principal activities

The Company is primarily engaged in production and supply of TECHNITUBER® seed potatoes to domestic and export markets.

Business Review

For the year under review, the Company achieved a turnover of CNY 11,679,118 (2007: CNY 14,313,363) and a net loss of CNY 2,856,137 (2006: profit of CNY 821,537). The Company is continuing its discussions with government authorities and advisors concerning its ownership structure and operational status.

In view of the accumulated losses, no dividends have been paid or declared during the financial year.

Auditors

The Company has engaged M/s Yunnan Tianying Certified Public Accountants as auditors for the year under review whose report is annexed to the financial report.

Environmental regulation and performance

Your Company complies with the environmental regulations set by the Songming Environmental Bureau.

Sachidanand Madan
Legal Representative

Place:

Date: 18th March 2009

Audit Report

**To the management
Technico Horticultural (Kunming) Co., Ltd.**

We have audited the attached financial statements of Technico Horticultural (Kunming) Company (the "Company"), including the balance sheet as at 31 December 2008, and the income and Statement Of Changes In Equity, cash flow statement, notes to financial statements for the year ended 31 December 2008.

1. Responsibility of the Company's management for the financial statements

The Company's responsibility is to prepare these financial statements in accordance with the requirements of "The Accounting Standards for PRC Enterprises" and "The Accounting Systems of PRC Enterprises", which includes (1) designing, implementing and maintaining the internal controls relative to the preparation of these financial statements, so that there aren't material misstatements in these financial statements led by fraud and error; (2) selecting and using proper accounting policies and making rational accounting estimates.

2. Responsibility of the certified public accounts

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Independent Auditing Standards of China. The standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

3. Audit opinion

In our opinion, the financial statements have been prepared in accordance with the requirements of "The Accounting Standards for PRC Enterprises" and "The Accounting Systems of PRC Enterprises". The financial statements fairly present the financial position of the Company as at 31 December 2008, operating results and cash flows for the year then ended in all material respects.

Yunnan Tianying Certified Public Accountants

Certified Public Accountants:

Certified Public Accountants:

Kunming, The People's Republic of China

18 March 2009

BALANCE SHEET AS ON 31 DECEMBER 2008

ITEMS	LINENO	31/Dec/07	31/Dec/07	31/Dec/08	31/Dec/08
		CNY	INR	CNY	INR
CURRENT ASSETS :	1				
Cash and cash equivalents	2	313,174	1,693,146	6,576,477	47,217,131
Transaction monetary assets	3	0	0	0	0
Short-term investments	4	0	0	0	0
Notes receivable	5	0	0	0	0
Accounts receivable	6	4,019,759	21,732,424	2,431,152	17,454,940
Advance to suppliers debts	7	70,000	378,448	6,633	47,624
Dividend receivable	8	0	0	0	0
Interest receivable	9	0	0	0	0
Other notes receivable	10	245,077	1,324,986	115,762	831,139
Inventories	11	5,113,874	27,647,646	4,207,773	30,210,549
Including : Raw materials	12	0	0	0	0
Finished goods	13	3,958,198	21,399,603	3,881,481	27,867,872
In one year expired noncurrent assets	14	0	0	0	0
Other current assets	15	21,230	114,776	20,272	145,546
Total current assets	16	9,783,114	52,891,427	13,358,069	95,906,930
NONCURRENT ASSETS :	17				
Financial assets available for sale	18				
Hold investment due	19				
Long-term investment on bonds	20				
Long-term account receivable	21				
Long-term investment on stocks	22				
Right to trade in previously non-tradable shares	23				
Investment real estate	24	26,797,304	144,876,943	26,299,404	188,821,828
Fixed assets-cost	25	18,657,685	100,870,906	19,532,783	140,239,522
Less : Accumulated depreciations	26	8,139,619	44,006,036	6,766,621	48,582,306
Fixed assets-net value	27	0	0	0	0
less : Fixed assets depreciation reserves	28	8,139,619	44,006,036	6,766,621	48,582,306
Fixed assets-net equity	29				
Construction in progress	30				
Project goods and material	31				
Liquidation of fixed assets	32				
Productive living assets	33				
Oil and gas assets	34				
Intangible assets	35	1,659,994	8,974,590	1,619,006	11,623,979
Including : right to use land	36	1,659,994	8,974,590	1,619,006	11,623,979
Development expenditures	37				
Business reputation	38				
Cost-book value differentials	39				
Long-term deferred and prepaid expenses	40				
Deferred income tax assets	41				
Deferred taxes debit	42				
Other noncurrent assets	43				
Including : specially approved reserving materials	44				
Total noncurrent assets	45	9,799,613	52,980,626	8,385,627	60,206,286
TOTAL ASSETS	46	19,582,727	105,872,053	21,743,696	156,113,215
CURRENT LIABILITIES :	47				
Short term loans	48	0	0	4,000,000	28,718,800
Transaction financial liabilities	49	0	0	0	0
Warrants payable	50	0	0	0	0
Notes payable	51	0	0	0	0
Accounts payable	52	0	0	2,023,866	14,530,748
Advances from customers	53	896,537	4,847,039	0	0
Employee pay payable	54	440,419	2,381,083	407,675	2,926,987
Including : accrued wages	55	436,189	2,358,211	404,700	2,905,625
accrued welfare	56	4,231	22,872	2,975	21,362
Including : staff and worker' bonus and welfare fund	57				
Taxes and dues payable	58				
Including : Taxes payable	59				
Interest payable	60				
Dividends payable	61				
Other payables	62	102,012	551,515	164,057	1,177,877
Due within one year of noncurrent liabilities	63				
Other current liabilities	64				
Total current liabilities	65	1,438,968	7,779,637	6,595,598	47,354,412

BALANCE SHEET AS ON 31 DECEMBER 2008

ITEMS	LINENO	31/Dec/07	31/Dec/07	31/Dec/08	31/Dec/08
		CNY	INR	CNY	INR
NONCURRENT LIABILITIES :	66				
Long-term loans	67				
Bonds payable	68				
Long-term account payable	69	199,842	1,080,427	60,319	433,070
Special payable	70				
Projected liabilities	71				
Deferred income tax liabilities	72				
Deferred taxes credit	73				
Other noncurrent liabilities	74				
Including : special reserve fund	75				
Total non-current liabilities	76	199,842	1,080,427	60,319	433,070
Total liabilities	77	1,638,810	8,860,064	6,655,916	47,787,483
OWNERS' EQUITY :	78				
Practical capital collected (or share capital)	79	19,013,598	102,795,116	19,013,598	136,511,930
National capital	80				
Collective capital	81				
Legal person's capital	82				
Including : State-owned legal person's capital	83				
Collective legal person's capital	84				
Personal capital	85				
Foreign businessmen's capital	86	19,013,598	102,795,116	19,013,598	136,511,930
Less : Investment returned	87				
Net paid in capital	88	19,013,598	102,795,116	19,013,598	136,511,930
Capital reserves	89	42,667	230,673	42,667	306,333
Less : treasury stock	90				
Surplus reserves	91				
Including : Legal surplus	92				
Free surplus reserves	93				
Reserve fund	94				
Enterprise expansion fund	95				
Profits capitalizad on return of investment	96				
Unaffirmed investment loss	97				
Undistributed profit	98	(1,112,348)	(6,013,800)	(3,968,485)	(23,987,467)
Including : cash dividends	99				
*Margin of Translation of Foreign Currency Financial Statements	100				(4,505,063)
Total equity attributable to equity holders of the Parent	101	17,943,916	97,011,989	15,087,780	108,325,733
*minority stockholder's interest	102				
Total owners' equit	103	17,943,916	97,011,989	15,087,780	108,325,733
Less : assets loss	104				
Total owners'equit (net value less loss on assets)	105	17,943,916	97,011,989	15,087,780	108,325,733
TOTAL LIABILITIES AND OWNERS' EQUITY	106	19,582,727	105,872,053	21,743,696	156,113,216

INCOME AND PROFIT DISTRIBUTION STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

ITEMS	LINENO	2008	2008	2007	2007
		CNY	INR	CNY	INR
Gross operating income	1	11,679,118	73,496,688	14,397,825	79,653,088
Including : operating income	2	11,679,118	73,496,688	14,397,825	79,653,088
Including : main business income	3	11,679,118	73,496,688	14,313,363	79,185,818
Other business income	4	0	0	84,462	467,270
Gross operating cost	5	14,583,658	91,774,962	13,608,872	75,288,360
Including : operating cost	6	8,070,131	50,785,332	5,799,436	32,084,220
Including : main business cost	7	8,070,131	50,785,332	5,799,436	32,084,220
Other business expense	8	0	0	0	0
Business tax and surcharges	9	0	0	0	0
Selling expenses	10	5,160,435	32,474,617	4,664,663	25,806,318
Administrative expenses	11	946,183	5,954,328	2,339,118	12,940,704
Including : Business entertainment	12	0	0	0	0
Research and development expense	13	0	0	0	0
Financial Expenses	14	406,910	2,560,686	805,654	4,457,117
Including : Interest exchange	15	18,589	116,983	109,984	608,467
Interest income	16	17,113	107,692	3,510	19,416
Foreign exchange profit and loss	17	405,434	2,551,394	629,050	3,480,096
Asset impairment losses	18	0	0	0	0
Other	19	0	0	0	0
Add : Changes in fair value of the profit and loss	20	0	0	0	0
Investment income Including : income from disposal of long term assets	21	0	0	0	0
Including : for the investment benefits from the invested business and the united business and joint venture	22	0	0	0	0
Operating profit	23	(2,904,541)	(18,278,275)	788,954	4,364,729
Add : Non-operating income	24	48,404	304,608	53,573	296,380
Including : income from disposal of long term assets	25				
Income from non-monetary assets exchange	26				
Government grants (subsidy income)	27				
Income from debt restructuring	28				
Less : Non-operating expenses	29	0	0	20,990	116,122
Including : loss on disposal of long-term assets	30				
Loss on non-monetary assets exchange	31				
Loss on debt restructuring	32				
TOTAL PROFIT	33	(2,856,137)	(17,973,667)	821,537	4,544,987
Less : Income tax expense	34				
Add : unaffirmed investment loss	35				
NET INCOME	36	(2,856,137)	(17,973,667)	821,537	4,544,987
Less : minority interest income	37				
Net income attributable to equity holders of the Parent	38	(2,856,137)	(17,973,667)	821,537	4,544,987

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

ITEMS	LINENO	RMB	INR
1. Cash Flow from Operating Activities	1		
Cash from selling commodities or offering labor	2	12,873,306	81,011,713
Refund of tax and fee received	3	1,179	7,420
Other cash received related to operating activities	4	30,000	188,790
Cash InflowSubtotal	5	12,904,485	81,207,923
Cash paid for commodities or labor	6	6,397,004	40,256,347
Cash paid to and for employees	7	3,052,225	19,207,653
Taxes and fees paid	8	171,512	1,079,322
Other cash paid related to operating activities	9	879,918	5,537,325
Cash OutflowSubtotal	10	10,500,659	66,080,648
Cash flow generated from operating activitiesNet Amount	11	2,403,826	15,127,275
2. Cash Flow from Investing Activities	12	0	0
Cash from investment withdrawal	13	0	0
Cash from investment income	14	0	0
Net cash from disposing fixed assets, intangible assets and other long-term ass	15	0	0
Net cash inflows of disposal of subsidiaries and other business entities	16	0	0
Other cash received related to investing activities	17	0	0
Cash InflowSubtotal	18	0	0
Cash paid for buying fixed assets, intangible assets and other longterm investment	19	121,934	767,329
Cash paid for investment	20	0	0
Net cash outflows of procurement of subsidiaries and other business units	21	0	0
Other cash paid related to investing activities	22	0	0
Cash OutflowSubtotal	23	121,934	767,329
Cash flow generated from investing activitiesNet Amount	24	-121,934	-767,329
3. Cash Flow from Financing Activities	25		
Cash received from accepting investment	26		
Including : cash inflows from minority investment in subsidiaries	27		
Borrowings	28	4,000,000	25,172,000
Other cash received related to financing activities	29		
Cash InflowSubtotal	30	4,000,000	25,172,000
Cash paid for debt	31		
Cash paid for dividend , profit or interest	32	18,589	116,983
Including : dividends and earnings paid to minorities by subsidiaries	33		
Other cash paid related to financing activities	34		
Cash OutflowSubtotal	35	18,589	116,983
Cash flow from financing activitiesNet Amount	36	3,981,411	25,055,017
4. Foreign Currency Translation Gains (Losses)	37	0	5,831,362
5. Net Increase Of Cash and Cash Equivalents	38	6,263,302	45,246,324
Add : cash and cash equivalents beginning bal.	39	313,174	1,970,807
6.cash and cash equivalents ending bal.	40	6,576,477	47,217,131

NOTES TO FINANCIAL STATEMENTS

1. Brief information on the Company

Technico Horticultural (Kunming) Co., Ltd. (the “company”) was established as a wholly foreign-owned enterprise invested by Technico China Pty Ltd., under the “laws of the People’s Republic of China (the “PRC”) on Enterprises Operated Exclusively with Foreign Capital” and through the approval by the Foreign Economic and Trade Department of Yunnan province in the certification Dian zi (1997) No.0049. The Company of the registered capital USD2,300,000.00 was registered, with the business license number of Qi Du Zong zi No.000716, on 8 December 1997. The tenure of the Company is 50 years and may be extended upon application by the board of directors and approval of the relevant government authorities. The principal activities of the Company are the development, production and supply of microtuber potato.

2. Significant accounting policies and accounting estimates

- (1) Accounting regulations
The Company implements “The Accounting Standards for Enterprises” and “The Accounting Regulations of Enterprises” and the supplementary stipulate.
- (2) Fiscal year
The fiscal year for the Company is from 1 January to 31 December of each calendar year.
- (3) Accounting currency
The Company’s financial records are maintained and the financial statements are stated in Renminbi (“RMB”).
- (4) Accounting basis and principle
The accounting basis of The Company is accrual principle, and the accounting principle is historical cost principle.
- (5) Foreign currency transactions
All foreign currency transactions have been translated into RMB at the market rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into RMB at the market rates of exchange ruling at that date. The resulting exchange gains or losses are capitalized if they have relation to acquiring fixed assets before the fixed assets intended-use have been commenced; or are accounted as long-term prepaid expense ! in the preparative duration, or are dealt with in the profit and loss account in the operating duration, if they have not relation to acquiring fixed assets.
- (6) Cash equivalents
Cash equivalents are the short-term investments, which are held by the Company at the short-term (generally within 3 months from the purchasing date to the date due), are easy in currency and conversion to known-account cashes, are of little value fluctuations.
- (7) Allowances for uncollectible accounts
The Company uses the allowance method in which the allowances for uncollectible accounts for the receivable items (including the accounts receivable and other receivable) are recognized in the aging receivable account method and are dealt with in the profit and loss account at the balance sheet. The aging receivable account method is made as follows:
 - a. Within 1 year, at 0.5 percent on the amount of the part;
 - b. 1-2 year, at 10 percent on the amount of the part;
 - c. 2-3 year, at 30 percent on the amount of the part.
 If any receivable is evidently different from the others, the specific identification method is made for the receivable item.
- (8) Inventories
Inventories, which are recorded at actual cost, include finished goods, work-in-progress and raw material.
For the unrecoverable inventory cost due to the damage, partly or wholly obsolescence, or market price lower than the cost, the provision for decline in value of inventories is determined according to the difference of the actual cost lower than net realizable value on an item-by-item basis, at the end of the period.
- (9) Fixed assets and depreciation
Fixed assets are recorded based on the actual cost. At the inception of a lease, the fixed assets by a lessee under a finance lease are recorded at an amount equal to the lower of the carrying amount of the leased asset originally recorded in the books of the lessor and the present value of the minimum lease payments. (If the proportion of the recorded amount of the leased assets to the total amount of assets is lower than 30 percent, the leased assets are recorded at an amount equal to the total minimum lease payments.)
The standard about fixed asset: House and building, machinery and equipment, Motor vehicle and so on of the useful life more than one year, and non-principle operating equipment of the unit value over 2000 yuan and the useful life more than two years

NOTES TO FINANCIAL STATEMENTS (Contd..)

Depreciation is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life after deducting the estimated residual value. The categories, useful life and residual value, annual depreciation rate are as follows:

Category	Estimated useful life	Annual depreciation rate	Residual value
House and building	20years	4.50%	10.00%
Production equipment	10years	9.00%	10.00%
Motor vehicle	5years	18.00%	10.00%
Office equipment and other	5years	18.00%	10.00%

Provision for impairment: At the end of each period, The Company examines its fixed assets and if market value of the fixed asset has declined continually, become obsolete in technology, been not in use in the long term, or been damage, and the recoverable amount of the fixed asset is less than its carrying amount, the provision for impairment is determined according to the difference of the recoverable amount of the fixed asset lower than its carrying amount on an item-by-item basis.

(10) Intangible assets

An intangible asset, which is acquired separately, is recorded based on the actual purchase price paid.

The cost of an intangible asset is amortized evenly over its expected useful life starting in the month in which it is obtained.

If the expected useful life exceeds the beneficial period stipulated in the relevant contract or the effective period stipulated by law, the amortization period of an intangible asset is determined in accordance with the following rules:

- a. If the relevant contract stipulates the beneficial period but the law does not stipulate the effective period, the amortization period is not longer than the beneficial stipulated by the relevant contract;
- b. If the relevant contract does not stipulate the beneficial period but the law stipulates the effective period, the amortization period is not longer than the effective period stipulated by law;
- c. If the relevant contract stipulates the beneficial period but the law also stipulate the effective period, the amortization period is not longer than the shorter of the beneficial period and the effective period.

If the relevant contract does not stipulate the beneficial period and the law does not stipulate the effective period, the amortization period does not exceed 10 years.

If an intangible asset is no longer expected to be able to generate any economic benefits that flow to the enterprise, the carrying amount of the intangible asset is written off and is recognized as gain or loss the current period.

The Company reviews the carrying amount of the intangible asset at the end of each period. The difference of the expected receivable amount lower than the carrying amount of the intangible asset is recognized as provision for impairment on an item-by-item basis.

(11) Long-term prepaid expense

Long-term prepaid expenses are recorded based on the actual payments and amortized on the straight-line basis in the beneficial period.

The expenses (except for acquiring fixed assets), which occur in the preparative duration, are recorded as long-term expense, and are amortized in the month starting the operating

(12) Principle for recognition of revenue

a. Revenue from the sale of goods

The revenue is recognized when all the following conditions have been satisfied: the Company has transferred to the buyer the significant risks and rewards of ownership of the goods; the enterprise retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; it is probable that the economic benefits will flow to the Company; the relevant amount of revenue and costs can be measured reliably.

b. Revenue from rendering of services

When the provision of services is started and completed within the same accounting year, revenue is recognized at the time of completion of the services, and receipt of money or holding the qualification of acquiring money;

When the provision of services is started and completed in different accounting year, the total income and the completion degree involving the service contract can be estimated reliably, it is probable that the economic benefits will flow to the Company, the outcome of a transaction involving the rendering of services can be estimated reliably, the service revenue is recognized at the balance sheet date by the use of the percentage of completion method.

Notes to significant items in the financial statements (Contd..)

The revenue referred to above is recognized when all the following conditions have been satisfied:

- a. It is probable that the economic benefits will flow to the Company;
- b. The amount of the revenue can be measured reliably.

(13) Corporation income tax

Corporation income tax is accounted on the tax payable basis.

3. Tax

VAT: According to the relevant tax laws in the PRC, the Company is exempted from VAT for the sales of the agricultural produce harvested by the Company.

Corporate income tax: at a rate of 25% on its taxable income. However, according to the relevant tax laws in the PRC, the Company is exempted from corporate income tax for its first two profit making years (after deducting losses incurred in previous years) commencing from the first profitable year, and is entitled to a 50% tax exemption for the succeeding three years.

4. Notes to significant items in the financial statements

(1) Cash

Items	2007-12-31		2008-12-31	
	RMB		RMB	
Cash on hand	24,420.97		8,658.71	
Cash in bank	288,753.50		6,567,818.21	
Total	<u>313,174.47</u>		<u>6,576,476.92</u>	

(2) Account receivable

The age of accounts receivable	2007-12-31			2008-12-31		
	RMB	Percentage	Provision for bad debts	RMB	Percentage	Provision for bad debts
Within 1 year	4,036,943.98	89.06%	513,159.04	2,443,368.54	100.00%	12,216.84
1-2year	495,973.92	10.94%				
Total	<u>4,532,917.90</u>	<u>100.00%</u>	<u>513,159.04</u>	<u>2,443,368.54</u>	<u>100.00%</u>	<u>12,216.84</u>

(3) Other receivables

Length after occurrence	2007-12-31			2008-12-31		
	RMB	Percentage	Provision for bad debts	RMB	Percentage	Provision for bad debts
Within 1 year	245,077.34	100.00%		115,762.40	100.00%	
1-2year						
2-3year						
More than 3 years						
Total	<u>245,077.34</u>	<u>100.00%</u>		<u>115,762.40</u>	<u>100.00%</u>	

(4) Advances to suppliers

Length After occurrence	2007-12-31		2008-12-31	
	RMB	Percentage	RMB	Percentage
Within 1 year	70,000.00	100.00%	6,633.13	100%
Total	<u>70,000.00</u>	<u>100.00%</u>	<u>6,633.13</u>	<u>100%</u>

Notes to significant items in the financial statements (Contd..)

(5) Inventories and provision for loss on realization of inventory

Items	2007-12-31		2008-12-31	
	RMB	Provision for loss on realization of inventory	RMB	Provision for loss on realization of inventory
Finished goods	1,155,675.21		326,291.80	
Work-in-progress	3,958,198.31		3,881,481.33	
Total	<u>5,113,873.52</u>		<u>4,207,773.13</u>	

(6) Fixed assets

Items	2007-12-31	Add	Less	2008-12-31
Cost				
Total Capex	<u>26,797,303.67</u>	<u>121,933.74</u>	<u>619,833.75</u>	<u>26,299,403.66</u>
Accumulated depreciation				
Total Depreciation	<u>18,657,684.68</u>	<u>1,432,768.69</u>	<u>557,670.38</u>	<u>19,532,782.99</u>
Fixed assets depreciation reserves				
Net book value	<u>8,139,618.99</u>			<u>6,766,620.67</u>

(7) Intangible assets

Items	2007-12-31 RMB	Add RMB	Less RMB	2008-12-31 RMB
Land-use-right	2,049,375.00			2,049,375.00
Amortization	389,381.25	40,987.50		430,368.75
Total	1,659,993.75			1,619,006.25

The amortization term is 50 years, and there have been 39 years and 6 months left by 31 December 2008.

Ended 31 December 2008, the above asset was pledged to Guangdong Development Bank for the short-term bank loan under the amount of RMB 4,000,000.00 yuan.

(8) Short-term loan

Items	2007-12-31 RMB	2008-12-31 RMB
Bank loans secured		4,000,000.00
Total		<u>4,000,000.00</u>

The short-term bank loans were secured by the land-use-right and fixed-assets.

(9) Account payable

The age of accounts receivable	2007-12-31 RMB	2008-12-31 RMB
Within 1 year		2,023,865.69
Total		<u>2,023,865.69</u>

1,994,773.69 is marketing fee owed to Technico Pty Ltd.

(10) Long-term account payable

2007-12-31 RMB	2008-12-31 RMB
<u>199,842.22</u>	<u>60,318.74</u>

The amount due to investor is unsecured, interest free and has no fixed term of repayment.

Notes to significant items in the financial statements (Contd..)

(11) Paid-in capital

Investors	2007-12-31		Add	Less	2008-12-31	
	RMB	Proportion			RMB	Proportion
Technico	19,013,598.02	100.00%			19,013,598.02	100.00%
China Pty Ltd.						
Total	<u>19,013,598.02</u>	<u>100.00%</u>			<u>19,013,598.02</u>	<u>100.00%</u>

(12) Primary operating profit

Operating revenue	Operating cost
11,679,117.69	8,070,130.59

(13) Finance expense

Items	From 2008-1-1 to 2008-12-31
Interest expense	18,589.45
Less: Interest income	17,112.96
Foreign exchange loss	405,433.67
other	
Total	<u>406,910.16</u>

1. Contingencies

Up to 31 December 2008, there are no material contingencies for the Company.

2. Promised events

Up to 31 December 2008, there are no material promised events for the Company.

3. Non-adjusting events subsequent to the balance sheet date

Not material non-adjusting events subsequent to the balance sheet date for the Company.

4. Other material events stated

Up to 31 December 2008, there are no other material matters specially stated for the Company.