

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH, 2012**

Your directors present their report on the company for the financial year ended 31 March, 2012.

**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 Arup Kumar Mukerji
- Mr Allan Hendry

**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. During the year under review, ITC Limited, India acquired from its wholly owned subsidiary, Russell Credit Limited the entire shareholding of your Company's parent company, Technico Pty Limited (Technico), Australia.

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**

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

**Review and results of operations**

During the year, the company earned a profit of A\$ nil [2011: nil].

**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:

Place: Sydney, Australia

Allan Hendry

Dated: 26th April, 2012

Director

**DIRECTORS' DECLARATION FOR THE YEAR ENDED 31 MARCH, 2012**

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, 2012 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.

Place: Sydney, Australia  
26 April, 2012

On behalf of the Board:  
Allan Hendry Director

**AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF TECHNICO ASIA HOLDINGS PTY LIMITED FOR THE YEAR ENDED 31 MARCH, 2012**

In relation to our audit of the financial report of Technico Asia Holdings Pty Limited for the financial year ended 31 March, 2012, 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.

Suite 5, 20 Bundaroo Street  
BOWRAL NSW 2576  
Dated: 26 April, 2012

GILLESPIES  
Chartered Accountants

David Duff  
Partner

**INDEPENDENT AUDIT REPORT TO THE DIRECTORS OF TECHNICO ASIA HOLDINGS PTY LIMITED FOR THE YEAR ENDED 31 MARCH, 2012**

We have audited the accompanying financial report, being a special purpose financial report of Technico Asia Holdings Pty Limited, which comprises the statement of financial position as at 31 March, 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary or 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 Asia Holdings 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 Asia Holdings 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, 2012 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

Suite 5, 20 Bundaroo Street  
BOWRAL NSW 2576  
26 April 2012

David Duff  
Partner

**INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012**

Notes	2012		2011	
	\$	₹	\$	₹
<b>Continuing operations</b>				
Sale of goods	—	—	—	—
Cost of sales:				
Other cost of sales	—	—	—	—
Inventory write off and write down	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Gross profit</b>				
Other income	—	—	—	—
Marketing expenses	—	—	—	—
Research and development expenses	—	—	—	—
Occupancy expenses	—	—	—	—
Administration expenses:				
Other administration expenses	—	—	—	—
Recovery investments and loans	—	—	—	—
Finance costs	—	—	—	—
Other revenues/(expenses) from ordinary activities	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Profit from continuing operations before income tax expense</b>				
Income tax expense	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Net profit attributable to members of Technico Asia Holdings Pty Ltd</b>				
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

BALANCE SHEET AS AT 31 MARCH, 2012

	Notes	2012		2011	
		\$	₹	\$	₹
<b>Current assets</b>					
Cash and cash equivalents		—	—	—	—
Trade and other receivables	2	—	—	—	—
Inventories		—	—	—	—
Other		—	—	—	—
<b>Total current assets</b>		—	—	—	—
<b>Non-current assets</b>					
Receivables		—	—	—	—
Other financial assets	3	969,736	51,308,732	969,736	44,712,103
Property, plant and equipment		—	—	—	—
Intangible assets		—	—	—	—
<b>Total non-current assets</b>		969,736	51,308,732	969,736	44,712,103
<b>Total assets</b>		969,736	51,308,732	969,736	44,712,103
<b>Current liabilities</b>					
Trade and other payables	4	—	—	—	—
Loans and borrowings	5	—	—	—	—
Provisions		—	—	—	—
<b>Total current liabilities</b>		—	—	—	—
<b>Non-current liabilities</b>					
Interest free loans and borrowings		—	—	—	—
Provisions		—	—	—	—
<b>Total non-current liabilities</b>		—	—	—	—
<b>Total liabilities</b>		—	—	—	—
<b>Net assets</b>		969,736	51,308,732	969,736	44,712,103
<b>Equity</b>					
Contributed equity	6	3,684,522	194,948,059	3,684,522	169,884,098
Accumulated losses	7	(2,714,786)	(143,639,327)	(2,714,786)	(125,171,995)
<b>Total equity</b>		969,736	51,308,732	969,736	44,712,103

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH, 2012

	Contributed Equity \$	Retained Earnings \$	Total \$
<b>At 1 April 2010</b>	3,684,522	(2,714,786)	969,736
Profit for the period	—	—	516,236
<b>At 31 March 2011</b>	3,684,522	(2,714,786)	969,736
Profit for the period	—	—	—
<b>At 31 March 2012</b>	3,684,522	(2,714,786)	969,736
	Contributed Equity ₹	Retained Earnings ₹	Total ₹
<b>At 1 April 2010</b>	194,948,059	(143,639,327)	51,308,732
Profit for the period	—	—	—
<b>At 31 March 2011</b>	194,948,059	(143,639,327)	51,308,732
Profit for the period	—	—	—
<b>At 31 March 2012</b>	194,948,059	(143,639,327)	51,308,732

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012

Notes	2012		2011	
	\$	₹	\$	₹
<b>Cash flow from operating activities</b>				
Net cash flows (used in)/from operating activities	—	—	—	—
<b>Cash flow from financing activities</b>				
Net cash flows (used in)/from financing activities	—	—	—	—
<b>Net increase/(decrease) in cash held</b>	—	—	—	—
Add Opening Cash Brought Forward	—	—	—	—
<b>Cash and cash equivalents at end of period</b>	—	—	—	—

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31 MARCH, 2012

## 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 Chapter 2M of 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.

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 52.9100 for the current year balance sheet (2011: INR 46.1075) and the average rate of 1 AUD = INR 49.5088 for the current year income statement (2011: INR 43.6350) 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, 2012. 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.

## (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**

	2012		2011	
	\$	₹	\$	₹
<b>Current</b>				
Trade and other receivables	—	—	—	—

**Note 3: Other Financial Assets**
**Non-current**

## Shares in subsidiaries:

At cost	3,684,522	194,948,059	3,684,522	169,884,098
Provision for write-down	(2,714,786)	(143,639,327)	(2,714,786)	(125,171,995)
Total other financial assets	969,736	51,308,732	969,736	44,712,103

**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)			
				2012		2011	
				\$	₹	\$	₹
Technico Horticultural (Kunming) Co. Ltd.	China	100		3,684,522	194,948,059	3,684,522	169,884,098
				(2,714,786)	(143,639,327)	(2,714,786)	(125,171,995)
				969,736	51,308,732	969,736	44,712,103

**Note 4: Trade and other payables**

	2012		2011	
	\$	₹	\$	₹
<b>Current</b>				
Trade creditors	—	—	—	—

Terms and conditions relating to the above financial instruments:

- (i) trade creditors are non-interest bearing and are normally settled on 30 day terms.

**Note 5: Loans and borrowings**
**Current**

Loans and borrowings	—	—	—	—
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**Note 6: Contributed equity**
**Issued and paid up capital**

3,684,522 Ordinary shares fully paid	3,684,522	194,948,059	3,684,522	169,884,098
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**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.

**Note 7: Reserves and accumulated losses**

	2012		2011	
	\$	₹	\$	₹
<b>Accumulated losses</b>				
Balance at beginning of year	(2,714,786)	(143,639,327)	(2,714,786)	(125,171,995)
Net profit attributable to the members of Technico Asia Holdings Pty Ltd.	—	—	—	—
Total available for appropriation	(2,714,786)	(143,639,327)	(2,714,786)	(125,171,995)
Dividends paid or provided for	—	—	—	—
Aggregate amount transferred (to)/ from reserves	—	—	—	—
Balance at end of period	(2,714,786)	(143,639,327)	(2,714,786)	(125,171,995)

**Note 8: Events subsequent to reporting date**

There are no subsequent events to be reported.