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 Surampudi Sivakumar	Mr David Charles McDonald
Mr Arup Kumar Mukerji	Mr Allan Hendry
Mr Sachidanand Madan	

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

Corporate information

On 26th March, 2012, ITC Limited acquired the entire shareholding of your Company, from its wholly owned subsidiary, Russell Credit Limited. Consequently with effect from the said date, your company became a direct subsidiary of ITC Limited, a public company registered in India and 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

There were two employees on the rolls of the company as at 31 March 2012. 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, 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

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$1,126,878 (2011: A$1,584,348) and a net profit of A$111,374 (2011: A$100,232). The lower turnover was due to reduced orders from a large customer as well the strengthening of the Australian Dollar against the US Dollar and Euro which are the Company's invoicing currencies.

The property at Paddy's River, Australia, held for sale for some years, was sold during the year and the sale proceeds along with the available cash balance was used to repay all outstanding loans of the Company.

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 $5,941 (2011: $6,304).

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 2012 — **Director**

DIRECTORS' DECLARATION FOR THE YEAR ENDED 31 MARCH 2012

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 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.

On behalf of the Board

Place : Sydney, Australia — Allan Hendry
Date: 26th April 2012 — *Director*

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

In relation to our audit of the financial report of Technico 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.

GILLESPIES
Chartered Accountants

Suite 5, 20 Bundaroo Street
BOWRAL NSW 2576 — David Duff
Dated: 26th April 2012 — *Partner*

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF TECHNICO PTY LIMITED FOR THE YEAR ENDED 31 MARCH 2012

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 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 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 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

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

David Duff
Partner

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 $	2012 ₹	2011 $	2011 ₹
Continuing Operations					
Sale of goods	2(a)	**1,126,878**	**55,790,378**	1,584,348	69,133,025
Cost of sales:					
Other cost of sales		**(682,737)**	**(33,801,490)**	(861,993)	(37,613,065)
Inventory write off and write down		—	—	—	—
GROSS PROFIT		**444,141**	**21,988,888**	722,355	31,519,960
Other income	2(a)	**242,426**	**12,002,220**	206,773	9,022,540
Marketing expenses		**(1,610)**	**(79,709)**	—	—
Middle East & North Africa expenses		**(130,285)**	**(6,450,254)**	(203,741)	(8,890,239)
Research and development expenses		**(149,970)**	**(7,424,835)**	(157,343)	(6,865,662)
Occupancy expenses		**(3,727)**	**(184,519)**	(3,705)	(161,668)
Administration Expenses:					
Other administration expenses		**(284,039)**	**(14,062,430)**	(443,218)	(19,339,817)
Recovery/(write-down) investments and loans		—	—	—	—
Finance costs	2(b)	**(5,562)**	**(275,368)**	(20,889)	(911,491)
Reversal of provision for employee share scheme		—	—	—	—
PROFIT FROM CONTINUING OPERATIONS BEFORE INCOME TAX EXPENSE		**111,374**	**5,513,993**	100,232	4,373,623
Income tax expense	3	—	—	—	—
Total comprehensive income attributable to members of Technico Pty Ltd		**111,374**	**5,513,993**	100,232	4,373,623
Other comprehensive income		—	—	—	—
Total comprehensive income for the period		**111,374**	**5,513,993**	100,232	4,373,623
Profit from continuing operations after income tax expense		**111,374**	**5,513,993**	100,232	4,373,623
Net profit for the period		**111,374**	**5,513,993**	100,232	4,373,623
Net profit attributable to members of Technico Pty Limited		**111,374**	**5,513,993**	100,232	4,373,623

BALANCE SHEET AS AT 31 MARCH 2012

	Notes	2012 $	2012 ₹	2011 $	2011 ₹
Current Assets					
Cash and cash equivalents	4	271,411	14,360,356	446,554	20,589,489
Trade and other receivables	5(a)	707,325	37,424,566	808,879	37,295,388
Other	6	11,223	593,809	26,910	1,240,753
		989,959	52,378,731	1,282,343	59,125,630
Non-current assets classified as held for sale	8	—	—	376,381	17,353,987
Total current assets		989,959	52,378,731	1,658,724	76,479,617
Non-current assets					
Receivables	5(b)	—	—	7,826	360,837
Other financial assets	7	14,269,282	754,987,711	14,269,282	657,920,920
Property, plant and equipment	8	909	48,095	2,068	95,350
Intangible assets	9	21,471	1,136,031	24,955	1,150,613
Total non-current assets		14,291,662	756,171,837	14,304,131	659,527,720
Total assets		15,281,621	808,550,568	15,962,855	736,007,337
Current liabilities					
Trade and other payables	10	712,129	37,678,745	779,619	35,946,283
Loans and borrowings	11	—	—	230,000	10,604,725
Provisions	12	27,874	1,474,813	22,992	1,060,104
Total current liabilities		740,003	39,153,558	1,032,611	47,611,112
Non-current liabilities					
Loans and Borrowings	11	—	—	500,000	23,053,750
Provisions	12	—	—	—	—
Total non-current liabilities		—	—	500,000	23,053,750
Total liabilities		740,003	39,153,558	1,532,611	70,664,862
Net assets		14,541,618	769,397,010	14,430,244	665,342,475
Equity					
Contributed equity	13	43,989,182	2,327,467,620	43,989,182	2,028,231,209
Accumulated Losses	14	(29,447,564)	(1,558,070,610)	(29,558,938)	(1,362,888,734)
Total equity		14,541,618	769,397,010	14,430,244	665,342,475

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2012

	Contributed equity $	Retained earnings $	Share based payment reserve $	Total $
At 1 April 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
Profit for the Period	—	111,374	—	111,374
At 31 March 2012	43,989,182	(29,447,564)	—	14,541,618

	Contributed equity ₹	Retained earnings ₹	Share based payment reserve ₹	Total ₹
At 1 April 2010				
Profit for the Period	2,327,467,620	(1,569,266,683)	—	758,200,937
Share Issue	—	5,303,275	—	5,303,275
At 31 March 2011	2,327,467,620	(1,563,963,408)	—	763,504,212
Profit for the Period	—	5,892,798	—	5,892,798
At 31 March 2012	2,327,467,620	(1,558,070,610)	—	769,397,010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

	2012		2011	
	$	₹	$	₹
Cash flow from operating activities				
Receipts from customers	**1,228,432**	**60,818,194**	1,572,611	68,620,881
Receipts of sundry income	**126,840**	**6,279,696**	188,577	8,228,557
Payments to suppliers and employees	**(1,249,568)**	**(61,864,612)**	(1,720,209)	(75,061,320)
Goods and services tax (paid)/received	**(36,739)**	**(1,818,904)**	19,817	864,715
Interest received	**17,136**	**848,383**	18,196	793,982
Borrowing costs	**(5,562)**	**(275,368)**	(20,889)	(911,491)
Net cash flows from operating activities	**80,539**	**3,987,389**	58,103	2,535,324
Cash flow from investing activities				
Proceeds from sale of property, plant and equipment	**474,832**	**23,508,363**	—	—
Payments for protection of technology	**(514)**	**(25,448)**	(1,771)	(77,278)
Net cash flows (used in)/from investing activities	**447,318**	**23,482,915**	(1,771)	(77,278)
Cash flows from financing activities				
Repayment of borrowings	**(730,000)**	**(36,141,424)**	—	—
Net cash flows (used in)/from financing activities	**(730,000)**	**(36,141,424)**	—	—
Net increase/(decrease) in cash held	**(175,143)**	**(8,671,120)**	56,332	2,458,046
Add Opening Cash Brought Forward	**446,554**	—	390,222	—
Cash and cash equivalents at end of period	**271,411**	**14,360,356**	446,554	20,589,489

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

Corporate information

Technico Pty Limited is a company limited by shares that is incorporated and domiciled in Australia. Its parent entity is 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 2012. 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 INR (Indian Rupees), which are 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 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 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

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 $29,447,564 as at 31 March 2012 (2011: $29,558,938), 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, the parent entity. Any exposure of the parent entity in the Company is limited to equity or fund based commitments.

(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	2012	2011
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.

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

	2012		2011	
	$	₹	$	₹
Note 2: Revenues and Expenses				
Revenue and Expenses from Continuing Activities				
(a) Revenue				
Sale of goods	1,126,878	55,790,378	1,584,348	69,133,025
Finance revenue	17,136	848,383	18,196	793,982
Agronomy support income	48,208	2,386,720	69,670	3,040,050
Sundry income	78,632	3,892,976	118,907	5,188,508
Profit on sale of assets	98,450	4,874,141	—	—
	1,369,304	67,792,598	1,791,121	78,155,565
Breakdown of finance revenue:				
Bank interest	17,136	848,383	18,196	793,982
(b) Finance costs				
Bank loans and overdrafts	5,562	275,368	20,889	911,491
(c) Depreciation, amortisation and costs of inventories included in the income statement				
Depreciation of non-current assets:				
Buildings	—	—	—	—
Plant and equipment	880	43,568	937	40,886
Total depreciation of non-current assets	880	43,568	937	40,886
Amortisation of non-current assets:				
Leased plant and equipment	—	—	—	—
Technology and trademarks	3,998	197,936	4,520	197,230
Total amortisation of non-current assets	3,998	197,936	4,520	197,230
Total depreciation and amortisation expenses	4,878	241,504	5,457	238,116
Cost of inventories recognised as an expense includes write down of inventory to net realisable value	—	—	—	—
(d) Employee benefit expense				
Wages and salaries	208,444	10,319,812	290,259	12,665,451
Workers' compensation costs	190	9,407	830	36,217
Annual leave provision	1,479	73,224	7,740	337,735
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 expense 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%	33,412	1,654,188	30,070	1,312,104
Amortisation of technology	(101)	(5,000)	(101)	(4,407)
Movement in employee entitlements	1,465	72,530	1,556	67,896
Write back or write down of investments in wholly owned subsidiaries	—	—	—	—
Non-deductible expenses/timing differences	(38,828)	(1,922,328)	13,428	585,931
(Recoupment of prior year tax losses)/Future income tax benefits not brought to account	4,052	200,610	(44,953)	(1,961,524)
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 $4,052 (2011: $(44,953)). 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 2012 (Contd.)

	Notes	2012 $	2012 ₹	2011 $	2011 ₹
Note 4: Cash and cash equivalents					
Current					
Cash at Bank		8,5558	452,804	11,583	534,063
Deposits at Call		262,853	13,907,552	434,971	20,055,426
		271,411	14,360,356	446,554	20,589,489

(a) Terms and conditions relating to the above financial instruments:
- (i) cash at bank has a weighted average interest rate of 0% (2011: 0%); and
- (ii) deposits at call has a weighted average effective interest rate of5.21% (2011: 4.5%).

	2012 $	2012 ₹	2011 $	2011 ₹
(b) Reconciliation of net profit/(loss) after tax to the net cash flows from operations:				
Net profit/(loss)	111,374	5,513,993	100,232	4,373,623
Non-cash items:				
Amortisation of non-current assets	3,998	197,936	4,520	197,230
Depreciation of non-current assets	880	43,568	937	40,886
Decrease in value of inventories	—	—	—	—
Provision for doubtful debts	—	—	—	—
Decrease/(increase) in value of receivables in subsidiaries	7,826	387,456	(5,525)	(241,083)
(Increase)/decrease in value of investments in subsidiaries	—	—	—	—
Unrealised foreign currency revaluation	—	—	—	—
(Profit) on sale of property, plant and equipment	—	—	—	—
Employee benefits equity reserve	—	—	—	—
(Profit)/loss on sale of assets	(98,450)	(4,874,141)	—	—
(Profit)/loss on disposal of assets	278	13,763	—	—
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables	101,554	5,027,817	(11,737)	(512,144)
Decrease in inventories	—	—	—	—
Decrease/(increase) in other current assets	15,687	776,644	(10,612)	(463,055)
(Decrease) in trade creditors and accruals	(67,490)	(3,341,349)	(24,900)	(1,086,511)
Increase in employee provisions	4,882	241,702	5,188	226,378
Cash flows from operations	80,539	3,987,389	58,103	2,535,324
(c) Financing facilities available At reporting date, the following financing facilities had been negotiated and were available:				
Total facilities				
Bank loans	—	—	230,000	10,604,725
Loan from Russell Credit Ltd (parent company until 26 March 2012)	—	—	500,000	23,053,750
Facilities used at reporting date				
Bank loans	—	—	230,000	10,604,725
Loan from Russell Credit Ltd	—	—	500,000	23,053,750

	Notes	2012 $	2012 ₹	2011 $	2011 ₹
Note 5: Trade and other receivables					
Current					
Trade debtors	(a)	704,310	37,265,042	809,015	37,301,659
Provision for doubtful debts		—	—	—	—
		704,310	37,265,042	809,015	37,301,659
Other debtors	(a)	3,015	159,524	(136)	(6,271)
		707,325	37,424,566	808,879	37,295,388
Non-current					
Amounts receivable from wholly owned subsidiaries		—	—	7,826	360,837
Provision for doubtful debts		—	—	—	—
		—	—	7,826	360,837

(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	$	₹	$	₹
Note 6: Other assets					
Current					
Prepayments		9,148	484,021	26,910	1,240,753
Interest accrual		2,075	109,788	—	—
		11,223	593,809	26,910	1,240,753
Note 7: Other financial assets					
Non-current					
Shares in subsidiaries:					
At cost		18,180,409	961,925,440	18,180,409	838,253,208
Provision for write-down	(a)	(3,911,127)	(206,937,729)	(3,911,127)	(180,332,288)
Total other financial assets		14,269,282	754,987,711	14,269,282	657,920,920

(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 2012

Interest in subsidiaries

	Percentage of equity interest held by the consolidated entity country of incorporation	%	Investment (Provision for diminution) 2012 $	2012 ₹	2011 $	2011 ₹
Technico Asia Holdings Pty Ltd (formerly known as Technico China Pty Ltd)	Australia	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
Technico Technologies Inc	Canada	100	1,196,341	63,298,402	1,196,341	55,160,293
			(1,196,341)	(63,298,402)	(1,196,341)	(55,160,293)
			—	—	—	—
Technico Agri Sciences Ltd	India	100	13,299,546	703,678,979	13,299,546	613,208,817
			—	—	—	—
			13,299,546	703,678,979	13,299,546	613,208,817

	Notes	2012 $	2012 ₹	2011 $	2011 ₹
Note 8: Property, plant and equipment					
Non-current					
Land and buildings					
Land at cost		—	—	327,725	15,110,580
Accumulated amortisation and impairment		—	—	—	—
Net carrying amount transferred to assets held for sale		—	—	327,725	15,110,580
Buildings at cost				191,765	8,841,805
Accumulated depreciation and impairment		—	—	(143,109)	(6,598,398)
Net carrying amount transferred to assets held for sale		—	—	48,656	2,243,407
Plant and equipment at cost				439,281	20,254,149
Accumulated depreciation and impairment		—	—	(439,281)	(20,254,149)
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
Plant and equipment at cost		2,838	150,158	158,237	7,295,912
Accumulated depreciation and impairment		(1,929)	(102,063)	(156,169)	(7,200,562)
Net carrying amount		909	48,095	2,068	95,350
Total net carrying amount of plant and equipment		909	48,095	2,068	95,350
Total property, plant and equipment at cost		2,838	150,158	158,237	7,295,912
Accumulated depreciation, amortisation and impairment		(1,929)	(102,063)	(156,169)	(7,200,562)
Total property, plant and equipment transferred to assets held for sale		—	—	376,381	17,353,987
Total property, plant and equipment		909	48,095	2,068	95,350
Land					
Balance at beginning of the year - net of accumulated depreciation and impairment		327,725	17,339,930	327,725	15,110,580
Disposals		(327,725)	(17,339,930)	—	—
Balance at end of the year - net of accumulated depreciation and impairment		—	—	327,725	15,110,580
Buildings at cost					
Balance at beginning of the year - net of accumulated depreciation and impairment		48,656	2,574,389	48,656	2,243,407
Disposals		(48,656)	(2,574,389)	—	—
Depreciation expense		—	—	—	—
Balance at end of the year - net of accumulated depreciation and impairment		—	—	48,656	2,243,407
Plant and equipment at cost					
Balance at beginning of the year - net of accumulated depreciation and impairment		2,068	109,418	3,005	138,553
Additions		—	—	—	—
Disposals		(278)	(14,709)	—	—
Depreciation expense		(881)	(46,614)	(937)	(43,203)
Balance at end of the year - net of accumulated depreciation and impairment		909	48,095	2,068	95,350

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

	Notes	2012 $	2012 ₹	2011 $	2011 ₹
Note 9: Intangible assets					
Non-current					
TECHNITUBER® technology, patents and trademarks at cost		3,407,514	180,291,566	3,407,000	157,088,253
Less: Accumulated amortisation		(3,386,043)	(179,155,535)	(3,382,045)	(155,937,640)
		21,471	1,136,031	24,955	1,150,613
Movement in intangibles					
Balance at beginning of the year		24,955	1,320,369	27,704	1,277,362
Additions		514	27,196	1,771	81,657
Amortisation expense		(3,998)	(211,534)	(4,520)	(208,406)
Balance at the end of the year		21,471	1,136,031	24,955	1,150,613
Note 10: Trade and other payables					
Current					
Trade creditors		537,480	28,438,067	577,402	26,622,563
Sundry creditors and accruals		174,649	9,240,678	202,217	9,323,720
		712,129	37,678,745	779,619	35,946,283

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	2012 $	2012 ₹	2011 $	2011 ₹
Note 11: Loans and borrowings					
Current					
Russell Credit Limited - unsecured (non-interest bearing)		—	—	—	—
Bank loan - secured (interest bearing)		—	—	230,000	10,604,725
		—	—	230,000	10,604,725
Non-current					
Bank loan - secured (interest bearing)		—	—	—	—
Russell Credit Limited - unsecured (non-interest bearing)		—	—	500,000	23,053,750
		—	—	500,000	23,053,750

	Notes	2012 $	2012 ₹	2011 $	2011 ₹
Note 12: Provisions					
Current					
Employee entitlements		27,874	1,474,813	22,992	1,060,104
Non-Current					
Employee entitlements		—	—	—	—
Note 13: Contributed equity					
(a) Issued and paid up capital					
Ordinary shares fully paid 22,606,065 shares (2011: 22,606,065)		44,098,046	2,333,227,614	44,098,046	2,033,250,656
Discount on issue		(108,864)	(5,759,994)	(108,864)	(5,019,447)
		43,989,182	2,327,467,620	43,989,182	2,028,231,209

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MARCH 2012 (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.

	2012		2011	
	$	₹	$	₹
Note 14: Reserve and accumulated losses				
Accumulated losses	29,447,564	1,558,070,610	29,558,938	1,362,888,734
Balance at beginning of year	29,558,938	1,563,963,408	29,659,170	1,367,510,181
Net (profit)/loss attributable to the members of Technico Pty Ltd	(111,374)	(5,892,798)	(100,232)	(4,621,447)
Total unavailable for appropriation	29,447,564	1,558,070,610	29,558,938	1,362,888,734
Dividends paid or provided for	—	—	—	—
Aggregate amount transferred (to)/from reserves	—	—	—	—
Balance at end of period	29,447,564	1,558,070,610	29,558,938	1,362,888,734
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.

	2012	2012	2011	2011
	$	₹	$	₹
Note 17: Remuneration of auditors				
Amounts received or due and receivable by auditor:				
Audit of the entity by auditor/group auditor	53,000	2,623,966	70,000	3,054,450
Other services in relation to the entity	7,000	346,562	15,000	654,525
	60,000	2,970,528	85,000	3,708,975