

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH, 2014

Your directors submit their report for the financial year ended 31 March 2014.

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.

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 [2013: nil].

Significant events after balance date

There are no significant events after the balance sheet 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: 25th April, 2014	Director

DIRECTORS' DECLARATION FOR THE YEAR ENDED 31 MARCH, 2014

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 2014 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	On behalf of the Board:
Date: 25th April, 2014	Allan Hendry Director

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF TECHNICO ASIA HOLDINGS PTY LIMITED FOR THE YEAR ENDED 31 MARCH, 2014

In relation to our audit of the financial report of Technico Asia Holdings Pty Limited for the financial year ended 31 March 2014, 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: 25th April, 2014	GILLESPIES Chartered Accountants David Duff Partner
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INDEPENDENT AUDIT REPORT TO THE DIRECTORS OF TECHNICO ASIA HOLDINGS PTY LIMITED FOR THE YEAR ENDED 31 MARCH, 2014

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 2014, 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 2014 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
Date: 25th April 2014

David Duff
Partner

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH, 2014

Notes	2014		2013	
	\$	₹	\$	₹
Continuing operations				
Sale of goods	—	—	—	—
Cost of sales:				
Other cost of sales	—	—	—	—
Inventory write off and write down	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Gross profit				
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>
Profit from continuing operations before income tax expense				
Income tax expense	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net profit attributable to members of Technico Asia Holdings Pty Ltd	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

BALANCE SHEET AS AT 31 MARCH, 2014

	Notes	2014		2013	
		\$	₹	\$	₹
Current assets					
Cash and cash equivalents		—	—	—	—
Trade and other receivables	2	—	—	—	—
Inventories		—	—	—	—
Other		—	—	—	—
Total current assets		—	—	—	—
Non-current assets					
Receivables		—	—	—	—
Other financial assets	3	969,736	53,623,976	969,736	54,911,301
Property, plant and equipment		—	—	—	—
Intangible assets		—	—	—	—
Total non-current assets		969,736	53,623,976	969,736	54,911,301
Total assets		969,736	53,623,976	969,736	54,911,301
Current liabilities					
Trade and other payables	4	—	—	—	—
Loans and borrowings	5	—	—	—	—
Provisions		—	—	—	—
Total current liabilities		—	—	—	—
Non-current liabilities					
Interest free loans and borrowings		—	—	—	—
Provisions		—	—	—	—
Total non-current liabilities		—	—	—	—
Total liabilities		—	—	—	—
Net assets		969,736	53,623,976	969,736	54,911,301
Equity					
Contributed equity	6	3,684,522	203,744,855	3,684,522	208,636,058
Accumulated losses	7	(2,714,786)	(150,120,879)	(2,714,786)	(153,724,757)
Total equity		969,736	53,623,976	969,736	54,911,301

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH, 2014

	Contributed Equity \$	Retained Earnings \$	Total \$
At 1 April 2012	3,684,522	(2,714,786)	969,736
Profit for the period	—	—	—
At 31 March 2013	3,684,522	(2,714,786)	969,736
Profit for the period	—	—	—
At 31 March 2014	<u>3,684,522</u>	<u>(2,714,786)</u>	<u>969,736</u>
	Contributed Equity ₹	Retained Earnings ₹	Total ₹
At 1 April 2012	203,744,855	(150,120,879)	53,623,976
Profit for the period	—	—	—
At 31 March 2013	203,744,855	(150,120,879)	53,623,976
Profit for the period	—	—	—
At 31 March 2014	<u>203,744,855</u>	<u>(150,120,879)</u>	<u>53,623,976</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2014

	Notes	2014		2013	
		\$	₹	\$	₹
Cash flow from operating activities					
Net cash flows (used in)/from operating activities		—	—	—	—
Cash flow from financing activities					
Net cash flows (used in)/from financing activities		—	—	—	—
Net increase/(decrease) in cash held		—	—	—	—
Add Opening Cash Brought Forward		—	—	—	—
Cash and cash equivalents at end of period		—	—	—	—

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31 MARCH, 2014

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 55.2975 for the current year balance sheet (2013: INR 56.6250) and the average rate of 1 AUD = INR 55.9613 for the current year income statement (2013: INR 54.7675) 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 2014. 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

	2014		2013	
	\$	₹	\$	₹
Current				
Trade and other receivables	—	—	—	—

Note 3: Other financial assets

Non-current				
Shares in subsidiaries:				
At cost	3,684,522	203,744,855	3,684,522	208,636,058
Provision for write-down	(2,714,786)	(150,120,879)	(2,714,786)	(153,724,757)
Total other financial assets	<u>969,736</u>	<u>53,623,976</u>	<u>969,736</u>	<u>54,911,301</u>

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)				
		2014		2013		
		\$	₹	\$	₹	
Technico Horticultural (Kunming) Co Ltd.	China	100	3,684,522	203,744,855	3,684,522	208,636,058
			(2,714,786)	(150,120,879)	(2,714,786)	(153,724,757)
			<u>969,736</u>	<u>53,623,976</u>	<u>969,736</u>	<u>54,911,301</u>

Note 4: Trade and other payables

	2014		2013	
	\$	₹	\$	₹
Current				
Trade creditors (i)	—	—	—	—

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	—	—	—	—

Note 6: Contributed equity

Issued and paid up capital				
3,684,522 Ordinary shares fully paid	<u>3,684,522</u>	<u>203,744,855</u>	<u>3,684,522</u>	<u>208,636,058</u>

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

	2014		2013	
	\$	₹	\$	₹
Accumulated losses				
Balance at beginning of year	(2,714,786)	(150,120,879)	(2,714,786)	(153,724,757)
Net profit attributable to the members of Technico Asia Holdings Ltd	—	—	—	—
Total available for appropriation	<u>(2,714,786)</u>	<u>(150,120,879)</u>	<u>(2,714,786)</u>	<u>(153,724,757)</u>
Dividends paid or provided for	—	—	—	—
Aggregate amount transferred (to)/from reserves	—	—	—	—
Balance at end of period	<u>(2,714,786)</u>	<u>(150,120,879)</u>	<u>(2,714,786)</u>	<u>(153,724,757)</u>

Note 8: Events subsequent to reporting date

There are no subsequent events to be reported.