

MANAGEMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

Your management submits its report for the financial year ended 31 December 2013.

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, 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.

Employees

There were 40 employees on the rolls of the Company as at 31 December, 2013.

Principal activities

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

Business Review

For the year under review, the Company achieved a turnover of CNY

3,237,726 (2012: CNY 5,684,666) and incurred a loss of CNY 57,340 (2012: Profit of CNY 627,602). While the lower turnover in the current year is in the context of the base effect of a one-off order from a large customer that was executed in the previous year, the loss for the current year is on account of the 17% appreciation of the CNY against the Australian Dollar that caused an adverse effect of CNY 514,062.

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 applicable environmental regulations set by the Songming Environmental Bureau.

Min Zhang
Legal Representative

Place: Songming

Date: 15th April 2014

**AUDITOR'S REPORT
TO THE MANAGEMENT
TECHNICO HORTICULTURAL (KUNMING) CO., LTD.**

We have audited the accompanying financial statements of Technico Horticultural (Kunming) Company, which comprise the balance sheet as at 31 December 2013, and the income statement and profit apportionment, the cash flow statement for the year then ended, and the notes to the financial statements.

1. Management's responsibility for the financial statements

Management of Technico Horticultural (Kunming) Company is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing the financial statements in accordance with Accounting Standards for Business Enterprises and "The Accounting Systems of PRC Enterprises" to achieve fair presentation of the financial statements; (2) designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

2. Auditor's responsibility

Our responsibility is to express an audit opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. China Standards on Auditing require that we comply with the Code of Ethics for Chinese Certified Public Accountants and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts 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, Certified Public Accountants consider the internal control relevant to the preparation and fair presentation 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used and the 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. Opinion

In our opinion, the financial statements of Technico Horticultural (Kunming) Company present fairly, in all material respects, the company's financial position as of 31 December 2013, and the company's results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises and "The Accounting Systems of PRC Enterprises".

Yunnan Tianying Certified Public Accountants
Chinese Certified Public Accountants

Kunming, The People's Republic of China

1 April 2014

BALANCE SHEET AS ON 31st DECEMBER 2013

Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE NO	31/Dec/12 CNY	31/Dec/12 ₹	31/Dec/13 CNY	31/Dec/13 ₹
CURRENT ASSETS :	1				
Cash and cash equivalents	2	3,462,180	29,977,635	2,511,907	25,379,809
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	3,190,023	27,621,136	2,638,819	26,662,104
Advance to suppliers debts	7	0	0	0	0
Dividend receivable	8	0	0	0	0
Interest receivable	9	0	0	0	0
Other notes receivable	10	500	4,329	3,603	36,408
Inventories	11	1,135,981	9,836,009	2,194,354	22,171,317
Including: Raw materials	12	0	0	0	0
Finished goods	13	809,690	7,010,779	1,868,063	18,874,530
In one year expired noncurrent assets	14	0	0	0	0
Other current assets	15	16,187	140,160	16,238	164,068
Total current assets	16	7,804,873	67,579,270	7,364,923	74,413,706
NON CURRENT ASSETS :	17	0	0	0	0
Financial assets available for sale	18	0	0	0	0
Hold investment due	19	0	0	0	0
Long-term investment on bonds	20	0	0	0	0
Long-term account receivable	21	0	0	0	0
Long-term investment on stocks	22	0	0	0	0
Right to trade in previously non-tradable shares	23	0	0	0	0
Investment real estate	24	0	0	0	0
Fixed assets-cost	25	26,128,101	226,232,774	26,839,779	271,183,757
Less : Accumulated depreciation	26	21,303,192	184,455,821	21,753,180	219,789,781
Fixed assets-net value	27	4,824,909	41,776,953	5,086,599	51,393,976
Less : Fixed assets depreciation reserves	28	0	0	0	0
Fixed assets-net equity	29	4,824,909	41,776,953	5,086,599	51,393,976
Construction in progress/liab	30	0	0	0	0
Project goods and material	31	0	0	0	0
Liquidation of fixed assets	32	0	0	0	0
Productive living assets	33	0	0	0	0
Oil and gas assets	34	0	0	0	0
Intangible assets	35	1,455,056	12,598,750	1,414,069	14,287,468
Including : right to use land	36	1,455,056	12,598,750	1,414,069	14,287,468
Development expenditures	37	0	0	0	0
Business reputation	38	0	0	0	0
Cost-book value differentials	39	0	0	0	0
Long-term deferred and prepaid expenses	40	0	0	0	0
Deferred income tax assets	41	0	0	0	0
Deferred taxes debit	42	0	0	0	0
Other noncurrent assets	43	0	0	0	0
Including : specially approved reserving materials	44	0	0	0	0
Total noncurrent assets	45	6,279,965	54,375,703	6,500,667	65,681,444
TOTAL ASSETS	46	14,084,837	121,954,973	13,865,590	140,095,150
CURRENT LIABILITIES :	47		0		0
Short term loans	48	0	0	0	0
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	69,800	705,245
Advances from customers	53	0	0	0	0

BALANCE SHEET AS AT 31 DECEMBER 2013 (Contd.)

Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE NO	31 Dec 2012 CNY	31 Dec 2012 ¥	31 Dec 2013 CNY	31 Dec 2013 ¥
Employee pay payable	54	196,974	1,705,521	220,340	2,226,267
Including : accrued wages	55	196,974	1,705,521	217,042	2,192,945
accrued welfarism	56	0	0	3,298	33,322
Including : staff and worker' bonus and welfare fund	57	0	0	0	0
Taxes and dues payable	58	2,500	21,647	0	0
Including : Taxes payable	59	0	0	0	0
Interest payable	60	0	0	0	0
Dividends payable	61	0	0	0	0
Other payables	62	271,652	2,352,125	15,781	159,446
Due within one year of noncurrent liabilities	63	0	0	0	0
Other current liabilities	64	0	0	0	0
Total current liabilities	65	471,126	4,079,292	309,218	2,677,399
NONCURRENT LIABILITIES :	66	0	0	0	0
Long-term loans	67	0	0	0	0
Bonds payable	68	0	0	0	0
Long-term account payable	69	0	0	0	0
Special payable	70	0	0	0	0
Projected liabilities	71	0	0	0	0
Deferred income tax liabilities	72	0	0	0	0
Deferred taxes credit	73	0	0	0	0
Other noncurrent liabilities	74	0	0	0	0
Including : special reserve fund	75	0	0	0	0
Total non-current liabilities	76	0	0	0	0
Total liabilities	77	471,126	4,079,292	309,218	2,677,399
OWNERS' EQUITY :	78	0	0	0	0
Practical capital collected (or share capital)	79	19,013,598	164,631,140	19,013,598	164,631,140
National capital	80	0	0	0	0
Collective capital	81	0	0	0	0
Legal person"s capital	82	0	0	0	0
Including : State-owned legal person"s capital	83	0	0	0	0
Collective legal person"s capital	84	0	0	0	0
Personal capital	85	0	0	0	0
Foreign businessmen"s capital	86	19,013,598	130,328,708	19,013,598	130,033,997
Less : Investment returned	87	0	0	0	0
Net paid in capital	88	19,013,598	130,033,997	19,013,598	130,033,997
Capital reserves	89	42,667	369,433	42,667	369,433
Less : treasury stock	90	0	0	0	0
Surplus reserves	91	0	0	0	0
Including : Legal surplus	92	0	0	0	0
Free surplus reserves	93	0	0	0	0
Reserve fund	94	0	0	0	0
Enterprise expension fund	95	0	0	0	0
Profits capitalizad on return of investment	96	0	0	0	0
Unaffirmed investment loss	97	0	0	0	0
Undistributed profit	98	(5,442,553)	(33,990,525)	(5,499,893)	(33,990,525)
Including : cash dividends	99	0	0	0	0
*Margin of Translation of Foreign Currency Financial Statements	100	0	21,462,776	0	41,004,846
Total equity attributable to equity holders of the Parent	101	13,613,711	117,875,681	13,556,372	137,417,751
*minority stockholder's interest	102	0	0	0	0
Total owners' equity	103	13,613,711	117,875,681	13,556,372	137,417,751
Less : assets loss	104	0	0	0	0
Total owners'equity (net value less loss on assets)	105	13,613,711	117,875,681	13,556,372	137,417,751
TOTAL LIABILITIES AND OWNERS' EQUITY	106	14,084,837	121,954,973	13,865,590	140,095,150

INCOME AND PROFIT DISTRIBUTION STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE NO	2013 CNY	2013 ₹	2012 CNY	2012 ₹
Income for main business	1	3,237,725.83	30,373,753.56	5,684,666.13	48,853,452.25
Less: cost of main Business	2	2,641,710.53	24,782,414.82	4,035,442.53	34,680,189.56
Taxation and additional of main	3				
Main business profit	4	596,015.30	5,591,338.73	1,649,223.60	14,173,262.70
Add: other profit	5				
Less: Operating expenses	6	241,245.40	2,263,171.35	225,925.29	1,941,579.35
Management expenses	7	(17,968.84)	(168,569.28)	870,029.97	7,476,950.56
Including : Business entertainment	8				
Research and development expense	9				
Financial Expenses	10	431,714.79	4,050,002.79	(74,333.81)	(638,817.33)
Including : Interest exchange	11				
Interest income	12	85,936.81	806,190.40	115,050.79	988,734.98
Foreign exchange profit and loss	13	514,062.39	4,822,522.09	36,040.46	309,728.11
Operation Profit	14	(58,976.05)	(553,266.12)	627,602.15	5,393,550.12
Add: Investment income	15				
Including : for the investment benefits from the invested business and the united business and joint venture	16				
Subsidy Income	17				
Non-operating income	18	1,636.44	15,351.77		
Including : income from disposal of long term asset	19				
Income from non-monetary assets exchange	20				
Government grants (subsidy income)	21				
Income from debt restructuring	22				
Less : Non-operating expenses	23				
Including : Loss on disposal of long-term assets	24				
Loss on non-monetary assets exchange	25				
Loss on debt restructuring	26				
Total Profit	27	(57,339.61)	(537,914.35)	627,602.15	5,393,550.12
Less: Income tax	28				
Net Profit	29	(57,339.61)	(537,914.35)	627,602.15	5,393,550.12
Add:Undistributed Profit at the beginning of year	30	(5,442,553.27)	(51,057,680.74)	(6,070,155.42)	(52,166,308.66)
Other transfer-in	31				
Profit available for distribution	32				
Less : Appropriation of statutory surplus reserves	33				
Appropriation of Company expand fund	34				
Appropriation of staff incentive and welfare fund	35				
Capital redemption	36				
Profit available for owners' distribution	37	(5,499,892.88)	(51,595,595.09)	(5,442,553.27)	(46,772,758.55)
Less : Appropriated profit	38				
Common stock turn to capital	39				
Undivided Profit	40	(5,499,892.88)	(51,595,595.09)	(5,442,553.27)	(46,772,758.55)
Supplementary Information:	41				
Gains on disposal of operating divisions or investments	42				
Losses from natural disaster	43				
Increase (decrease) in profit due to changes in accounting policies	44				
Increase (decrease) in profit due to changes in accounting estimates	45				
Losses from debt restructuring	46				
Other	47				

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

Printed by Technico Horticultural (Kunming) Co. Ltd.

ITEMS	LINE NO	2012 RMB	2012 ₹	2013 RMB	2013 ₹
1. Cash Flow from Operating Activities	1				
Cash from selling commodities or offering labor	2	2,968,055	22,829,979	3,548,449	33,288,707
Refund of tax and fee received	3	0	0		0
Other cash received related to operating activities	4	118,562	911,971	87,832	823,968
Cash Inflow Subtotal	5	3,086,617	23,741,950	3,636,281	34,112,675
Cash paid for commodities or labour	6	1,828,112	14,061,652	1,411,669	13,243,154
Cash paid to and for employees	7	1,618,456	12,449,002	1,873,649	17,577,076
Taxes and fees paid	8	261,116	2,008,476	150,571	1,412,537
Other cash paid related to operating activities	9	25,475	195,953	439,273	4,120,909
Cash Outflow Subtotal	10	3,733,159	28,715,084	3,875,163	36,353,676
Cash flow generated from operating activities Net Amount	11	(646,542)	(4,973,134)	(238,882)	(2,241,001)
2. Cash Flow from Investing Activities	12	0	0		0
Cash from investment withdrawal	13	0	0		0
Cash from investment income	14	0	0		0
Net cash from disposing fixed assets, intangible assets and other long-term assets	15	0	0		0
Net cash inflows of disposal of subsidiaries and other business entities	16	0	0		0
Other cash received related to investing activities	17	0	0		0
Cash Inflow Subtotal	18	0	0		0
Cash paid for buying fixed assets, intangible assets and other long-term investments	19	58,397	449,184	711,678	6,676,394
Cash paid for investment	20	0	0		0
Net cash outflows of procurement of subsidiaries and other business units	21	0	0		0
Other cash paid related to investing activities	22	0	0		0
Cash Outflow Subtotal	23	58,397	449,184	711,678	6,676,394
Cash flow generated from investing activities Net Amount	24	(58,397)	(449,184)	(711,678)	(6,676,394)
3. Cash Flow from Financing Activities	25	0			
Cash received from accepting investment	26	0			
Including : cash inflows from minority investment in subsidiaries	27	0			
Borrowings	28	0	0		0
Other cash received related to financing activities	29	0			
Cash Inflow Subtotal	30	0	0		0
Cash paid for debt	31	0			
Cash paid for dividend, profit or interest	32	0	0		0
Including : dividends and earnings paid to minorities by subsidiaries	33	0			
Other cash paid related to financing activities	34	0			
Cash Outflow Subtotal	35	0	0		0
Cash flow from financing activities Net Amount	36	0	0		0
4. Foreign Currency Translation Gains (Losses)	37	139	0	287	2,692
5. Net Increase Of Cash and Cash Equivalents	38	(704,799)	(5,422,317)	(950,273)	(8,914,702)
Add : cash and cash equivalents beginning bal.	39	4,166,979	32,051,990	3,462,180	32,479,406
6. Cash and cash equivalents ending bal.	40	3,462,180	26,629,672	2,511,907	23,564,704

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 Asia Holdings Pty Limited., 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.

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

NOTES TO FINANCIAL STATEMENTS (Contd.)

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.

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.

Corporation income tax is accounted on the tax payable basis at a rate of 25% on its taxable income. However, according to the new income tax-laws in the PRC, the Company is an agricultural production company which is exempted from corporate income tax.

4. Notes to significant items in the financial statements

(1) Cash

Items	2012-12-31 RMB	2013-12-31 RMB
Cash on hand	8,552.16	1,826.22
Cash in bank	3,453,628.19	2,510,081.05
Total	3,462,180.35	2,511,907.27

(2) Account receivable

The age of accounts receivable	2012-12-31			2013-12-31		
	RMB	Percentage	Provision for bad debts	RMB	Percentage	Provision for bad debts
Within 1 year	3,206,053.65	100.00%	16,030.27	2,652,079.87	100.00%	13,260.40
Total	3,206,053.65	100.00%	16,030.27	2,652,079.87	100.00%	13,260.40

(3) Other receivables

Length after occurrence	2012-12-31			2013-12-31		
	RMB	Percentage	Provision for bad debts	RMB	Percentage	Provision for bad debts
Within 1 year	499.99	100.00%		3,603.40	100.00%	
1-2 year						
Total	499.99	100.00%		3,603.40	100.00%	

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

Items	2012-12-31		2013-12-31	
	RMB	Provision for loss on realization of inventory	RMB	Provision for loss on realization of inventory
Finished goods	809,689.63		1,868,062.53	
Work-in-progress	326,291.82		326,291.82	
Total	1,135,981.45		2,194,354.35	

(5) Fixed assets

Items Cost	2012-12-31	Add	Less	2013-12-31
Total Capex	26,128,100.82	711,678.00		26,839,778.82
Accumulated depreciation				
Total Depreciation	21,303,192.28	449,987.86		21,753,180.14
Fixed assets depreciation reserves				
Net book value	4,824,908.54			5,086,598.68

(6) Intangible assets

Items	2012-12-31 RMB	Add RMB	Less RMB	2013-12-31 RMB
Land-use-right	2,049,375.00			2,049,375.00
Amortization	594,318.75	40,987.50		635,306.25
Total	1,455,056.25	40,987.50		1,414,068.75

The amortization term is 50 years, and there have been 34 years and 6 months left by 31 December 2013.

NOTES TO FINANCIAL STATEMENTS (Contd.)

(7) Accounts Payable

Length after occurrence	2012-12-31 RMB	2013-12-31 RMB
Within 1 year		69,800.00
Total		69,800.00

(8) Tax Payable

Item	2012-12-31 RMB	2013-12-31 RMB
Land use fees	2,500.00	
Total	2,500.00	

(9) Other payable

Length after occurrence	2012-12-31 RMB	2013-12-31 RMB
Within 1 Year	271,651.90	15,780.80
Total	271,651.90	15,780.80

(10) Paid-in capital

Investors	2012-12-31		Add	Less	2013-12-31	
	RMB	Proportion	RMB	RMB	RMB	Proportion
Technico Asia Holding Pty Ltd.	19,013,598.02	100.00%			19,013,598.02	100.00%
Total	19,013,598.02	100.00%			19,013,598.02	100.00%

(11) Capital Surplus

Items	2012-12-31 RMB	Add RMB	Less RMB	2013-12-31 RMB
Translation reserve	42,666.57			42,666.57
Total	42,666.57			42,666.57

(12) Retained Earning

Items	2013-12-31 RMB
Undistributed Profit at the beginning of year	(5,442,553.27)
Add: Net Profit	(57,339.61)
Other	
Less: Appropriation of statutory surplus reserves	
Appropriation of Company expand fund	
Appropriation of staff incentive and welfare fund	
Capital redemption	
Appropriated profit	
Common stock turn to capital	
Undivided Profit	(5,499,892.88)

(13) Primary operating profit

Operating revenue	Operating cost
3,237,725.83	2,641,710.53

(14) Finance expense

Items	From 2013-1-1 to 2013-12-31
Interest expense	
Less: Interest income	85,936.81
Foreign exchange loss	514,062.39
Other	3,589.21
Total	431,714.79

5. Contingencies

Up to 31 December 2013, there are no material contingencies for the Company.

6. Promised events

Up to 31 December 2013, there are no material promised events for the Company.

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

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

8. Other material events stated

Up to 31 December 2013, there are no other material matters specially stated for the Company.