DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014

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

Directors

The following directors held office since the start of the financial year until the date of this report:

Ms Bhavani Parameswar
Mr David Charles McDonald
Mr Sachidanand Madan

Corporate information

Technico Technologies Inc. is a company limited by shares that is incorporated and domiciled in Canada. It is a wholly owned subsidiary of Technico Pty Ltd, a company incorporated in Australia.

The registered office of Technico Technologies Inc is located at:

Stewart McKelvey Stirling Scales
Suite 600, Frederick Square,
77 Westmoreland
Fredericton, New Brunswick
E3B 5B4 Canada

Employees

The company operates through employees engaged on seasonal & casual basis with technical and management support from its parent entity.

Principal activities

The principal activities of your company during the financial year under review were production of TECHNITUBER® seed potatoes for sale in the Canadian and export markets and production of early generation field seed potatoes under a joint farming arrangement with local potato farmers.

Review and results of operations

The TECHNITUBER® brand continues to gain recognition in Canada, though the scale of operations remains small.

Technico Technologies Inc., Canada registered sales of Canadian Dollar (C$) 0.23 million (previous year C$ 0.27 million) and posted a net profit of C$ 0.03 million (previous year C$ 0.02 million).

No dividends have been paid or declared during the financial year.

Auditors

The Company has engaged M/s Teed Saunders Doyle & Co as auditors for the year under review whose report is annexed to the financial report.

Future developments and results

Your company's early generation seed potatoes continue to demonstrate superior quality and farmer interest in the product has been gaining strength. The focus of this business will be to build on the reputation of its technology and its isolated seed production environment to obtain a price premium commensurate with the quality and performance. The company will continue to build on exports to new markets.

Environmental regulation and performance

Your company is not subject to any particular or significant environmental regulation.

Place: NJ, USA
Date: 19th April, 2014

Bhavani Parameswar
Director

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Technico Technologies Inc.

We have audited the accompanying financial statements of Technico Technologies Inc., which comprise the balance sheet as at March 31, 2014 and the statements of income, retained earnings (deficit) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 entity's 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.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Technico Technologies Inc. as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

April 4, 2014
Fredericton, New Brunswick

CHARTERED ACCOUNTANTS

BALANCE SHEET AS AT MARCH 31, 2014

	2014	**2014**	2013	2013
	$	**₹**	$	₹
ASSETS				
Current Assets				
Cash	**99,938**	**5,423,885**	124,008	6,626,678
Accounts receivable	**11,130**	**604,053**	3,012	160,954
Inventory	**170,745**	**9,266,758**	159,441	8,520,128
Prepaid expenses	**2,873**	**155,925**	2,761	147,541
	284,686	**15,450,621**	289,222	15,455,301
Property and Equipment (note 5)	**74,199**	**4,026,965**	97,220	5,195,194
	358,885	**19,477,586**	386,442	20,650,495

BALANCE SHEET AS AT MARCH 31, 2014

LIABILITIES	2014 $	2014 ₹	2013 $	2013 ₹
Current Liabilities				
Accounts payable and accrued liabilities	18,871	1,024,176	20,608	1,101,240
Current portion of long-term debt	43,666	2,369,863	41,416	2,213,168
	62,537	3,394,039	62,024	3,314,408
Unamortized Government Assistance (note 6)	12,254	665,055	20,838	1,113,531
Long-Term Debt (note 7)	84,846	4,604,805	128,512	6,867,360
	159,637	8,663,899	211,374	11,295,299
SHAREHOLDERS' EQUITY				
Capital Stock (note 10)	1,268,053	68,820,406	1,276,596	68,218,099
Deficit	(1,068,805)	(58,006,719)	(1,101,528)	(58,862,903)
	199,248	10,813,687	175,068	9,355,196
	358,885	19,477,586	386,442	20,650,495

Approved By The Board:

Director

STATEMENT OF RETAINED EARNINGS (DEFICIT) FOR THE YEAR ENDED MARCH 31, 2014

	2014 $	2014 ₹	2013 $	2013 ₹
Deficit At Beginning Of Year	(1,101,528)	(58,862,903)	(1,118,613)	(57,094,008)
Net Income For The Year	32,723	1,762,296	17,085	892,520
Change In Unrealized Foreign Exchange During The Year	—	(906,112)	—	(2,661,415)
Deficit At End Of Year	(1,068,805)	(58,006,719)	(1,101,528)	(58,862,903)

STATEMENT OF INCOME FOR THE YEAR ENDED MARCH 31, 2014

	2014 $	2014 ₹	2013 $	2013 ₹
Sales	230,046	12,389,127	271,836	14,200,713
Cost Of Sales	126,468	6,810,934	192,621	10,062,521
Gross Profit (Loss)	103,578	5,578,193	79,215	4,138,192
Expenses				
Advertising and trade shows	2,786	150,040	6,078	317,515
Amortization of property and equipment	8,849	476,563	10,053	525,169
Bank charges	357	19,226	451	23,560
Bad debts	250	13,464	—	—
Insurance	5,628	303,096	5,566	290,768
Interest on long term debt	8,584	462,291	10,834	565,968
Occupancy costs	7,847	422,600	7,188	375,501
Office and supplies	2,108	113,526	620	32,389
Professional services	9,100	490,081	9,479	495,183
Staff training	257	13,841	91	4,754
Telephone	2,647	142,554	3,055	159,593
Vehicle and travel	14,540	783,052	2,111	110,279
Wages and benefits	16,486	887,854	17,438	910,961
	79,439	4,278,188	72,964	3,811,640
	24,139	1,300,005	6,251	326,552
Other Income				
Government assistance Interest subsidy	8,584	462,291	10,834	565,968
Net Income For The Year	32,723	1,762,296	17,085	892,520

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2014

	2014 $	2014 ₹	2013 $	2013 ₹
Cash Provided By (Required For):				
Operating Activities				
Net income for the year	32,723	1,762,297	17,085	892,520
Items not affecting cash				
Amortization of property and equipment	8,849	476,563	10,053	525,169
Amortization capitalized to inventory	14,173	763,287	31,104	1,624,873
Foreign currency fluctuations	—	126,820	—	274,514
	55,745	3,128,967	58,242	3,317,076
Changes in non cash operating working capital (note 9)	(21,272)	(1,154,485)	49,054	2,621,323
	34,473	1,974,482	107,296	5,938,399
Investing Activities				
Purchase of property and equipment	—	—	(10,835)	(578,995)
Financing Activities				
Capital stock issuance (redemption)	(8,543)	(463,650)	(7,862)	(420,126)
Repayment of long term debt	(41,416)	(2,247,750	(39,166)	(2,092,933)
Unamortized government assistance	(8,584)	(465,875)	(10,834)	(578,942)
	(58,543)	(3,177,275)	(57,862)	(3,092,001)
Increase (Decrease) In Cash During The Year	(24,070)	(1,202,793)	38,599	2,267,403
Cash Position At Beginning Of Year	124,008	6,626,678	85,409	4,359,275
Cash Position At End Of Year	99,938	5,423,885	124,008	6,626,678

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014

1. **Nature of Business Activities**

   The company is a wholly owned subsidiary of Technico Pty Limited (Australia) and produces early generation seed potatoes for the North American Market.

2. **Significant Accounting Policies**

   Basis of Presentation

   The financial statements include Indian Rupee equivalent figures, arrived at by applying the year end exchange rate of CAD $1 = Rs. 54.27 (2013 CAD $1 = Rs. 53.44) to the balance sheet and the average annual exchange rate of CAD $1 = Rs. 53.86 (2013 CAD $1 = Rs. 52.24) to the income statement as provided by the parent company.

   Financial Instruments

   Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale or issue of the financial instruments are expensed when incurred.

   Measurement Uncertainty

   The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amount of net assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

   Inventory

   Inventory is valued at the lower of production cost and net realizable value. Inventory includes capitalized amortization of $14,173 (2013 $31,104)

   Revenue

   Revenue is recognized when products and services are delivered to the customer and ultimate collection is reasonably assured.

   Amortization

   Amortization of property and equipment is recorded on a straight line basis at the following annual rates:

Buildings	10%
Equipment	13.34%, 20%

   Income Taxes

   Income taxes are reported using the tax payable method. Under this policy, only current income tax assets and liabilities are recognized.

3. **Financial Instruments**

   Credit Risk

   Credit risk arises from the potential that a counter party will fail to perform its obligations. The company is exposed to credit risk from customers. In order to reduce its credit risk, the company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

   Liquidity Risk

   Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources and the payment of funds for accounts payables and long term debt.

4. Government Assistance

During the year, the company received $nil government grants (2013 $4,998) which have been applied to reduce expenses as follows:

	2014	2014	2013	2013
	$	₹	$	₹
Advertising and trade shows	—	—	4,998	261,096

5. Property and Equipment

	Cost	Accumulated Amortization	2014 Net	2013 Net
	$	$	$	$
Land	46,564	—	46,564	46,564
Buildings	289,698	286,122	3,576	15,952
Equipment	291,401	267,342	24,059	34,704
	627,663	553,464	74,199	97,220

	Cost	Accumulated Amortization	2014 Net	2013 Net
	₹	₹	₹	₹
Land	2,527,145	—	2,527,145	2,488,264
Buildings	15,722,635	15,528,556	194,079	852,435
Equipment	15,815,061	14,509,319	1,305,741	1,854,495
	34,064,841	30,037,875	4,026,965	5,195,194

6. Unamortized Government Assistance

Unamortized government assistance represents the unamortized amount of interest subsidy relative to a non-market rate loan received from the Atlantic Canada Opportunities Agency. The amortization of the loan interest subsidy is recorded as other income in the statement of income.

7. Long Term Debt

	2014	2014	2013	2013
	$	₹	$	₹
Non-interest bearing loan payable to the Atlantic Canada Opportunities Agency, net of an unamortized fair value discount of $12,254 (2013-$20,838) at 4.5%, in two annual installments of $50,000 and one payment of $40,766, unsecured, due August 2016.	128,512	6,974,668	169,928	9,080,528
Less current portion	43,666	2,369,863	41,416	2,213,168
	84,846	4,604,805	128,512	6,867,360

Principal repayment of long-term debt net of implicit interest over the next three years is as follows:

	$	₹
2015	43,666	2,369,863
2016	45,916	2,491,976
2017	38,931	2,112,883
	128,513	6,974,722

8. Income Taxes

The company has non-capital losses for income tax purposes of $1,000,124 which may be carried forward to reduce taxable income in future years. If not applied against taxable income, the non-capital losses will expire as follows:

	$	₹
2026	366,483	19,889,949
2027	283,750	15,399,822
2028	214,636	11,648,832
2030	115,010	6,241,880
2031	12,550	681,120
2032	7,695	417,627
	1,000,124	54,279,230

During the year, unused non-capital losses of $201,413 have expired.

The company has investment tax credits of $35,123 available to reduce taxes payable of future years. The benefit of investment tax credits and non-capital losses carried forward have not been recorded in the financial statements.

9. Changes In Non-Cash Operating Working Capital

	2014	2014	2013	2013
	$	₹	$	₹
Accounts receivable	(8,118)	(440,584)	47	2,512
Inventory	(11,305)	(613,551)	46,713	2,496,226
Prepaid expenses	(112)	(6,079)	(8)	(428)
Accounts payable and accrued liabilities	(1,737)	(94,271)	2,302	123,013
	(21,272)	(1,154,485)	49,054	2,621,323

10. Capital Stock

	2014	2014	2013	2013
	$	₹	$	₹
Authorized				
An unlimited number of common shares				
200,000 non-voting, non-cumulative, non-participating, redeemable and retractable Class A preferred shares				
Issued				
1,087,999 Common shares			1,087,998	59,048,371
1,087,998 58,139,893				
180,055 Class A preferred shares (2013 - 188,598 shares)	180,055	9,772,035	188,598	10,078,206
	1,268,053	68,820,406	1,276,596	68,218,099

The company's Class A preferred shares are redeemable on the basis of 50% of after-tax profits of the preceding fiscal year and are fully retractable by the holder should specified corporate obligations not be met. During the year, the company redeemed 8,543 Class A preferred shares (2013 - 7,862 Class A preferred shares).