

## DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

Your directors submit their report for the financial year ended 31<sup>st</sup> March, 2015.

### 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 S. Madan	

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

### 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 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

### 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<sup>®</sup> 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<sup>®</sup> Technology and customising its application across various geographies. Your company is also engaged in the marketing of TECHNITUBER<sup>®</sup> seeds to global customers by leveraging the production facilities of its subsidiaries in India and China.

For the year under review, your company registered a turnover of A\$2,209,874 (2014:A\$2,232,963) and a net profit of A\$777,770 (2014: A\$437,225). Profits have improved due to lower operating costs.

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<sup>®</sup> 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 \$6,300 (2014:\$6,610).

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 135 of this report.

Signed in accordance with a resolution of the Board of Directors:

Place: Sydney, Australia

Allan Hendry

Date: 1<sup>st</sup> May, 2015

Director

## DIRECTORS' DECLARATION FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

In accordance with a resolution of the directors of Technico Pty Limited, we state that in the opinion of the directors:

- the company is not a reporting entity as defined in the Australian Accounting Standards;
- the financial statements and notes of the company are in accordance with the *Corporations Act, 2001*, including:
  - giving a true and fair view of the company's financial position as at 31<sup>st</sup> March, 2015 and of their performance for the year ended on that date; and

- complying with Accounting Standards and Corporations Regulations; and

- 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: 1<sup>st</sup> May, 2015

Director

## AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF TECHNICO PTY LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

In relation to our audit of the financial report of Technico Pty Limited for the financial year ended 31<sup>st</sup> March, 2015, 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  
Dated: 1<sup>st</sup> May, 2015

David Duff  
Partner

**INDEPENDENT AUDIT REPORT TO THE DIRECTORS OF TECHNICO PTY LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015**

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<sup>st</sup> March, 2015, 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<sup>st</sup> March, 2015 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.

Chartered Accountants

Suite 5, 20 Bundaroo Street  
BOWRAL NSW 2576  
Dated: 1<sup>st</sup> May, 2015

David Duff  
Partner

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015**

	Notes	2015		2014	
		\$	₹	\$	₹
<b>Continuing operations</b>					
Sale of goods	2(a)	2,209,874	113,626,196	2,232,963	124,959,512
Cost of sales:					
Other cost of sales		(1,007,987)	(51,828,171)	(1,349,441)	(75,516,473)
Inventory write off and write down		—	—	—	—
<b>Gross profit</b>		1,201,887	61,798,025	883,522	49,443,040
Other income	2(a)	124,639	6,408,626	127,617	7,141,613
Marketing expenses		—	—	—	—
Middle East & North Africa expenses		(180,663)	(11,418,645)	(164,744)	(9,219,288)
Research and development expenses		(111,910)	(5,754,132)	(157,492)	(8,813,457)
Occupancy expenses		(3,248)	(167,004)	(3,175)	(177,677)
Administration expenses:					
Other administration expenses		(252,935)	(10,875,881)	(248,503)	(13,906,551)
Recovery/(write-down) investments and loans		—	—	—	—
Finance costs	2(b)	—	—	—	—
Reversal of provision for employee share scheme		—	—	—	—
<b>Profit from continuing operations before income tax expense</b>		777,770	39,990,989	437,225	24,467,679
Income tax expense	3	—	—	—	—
<b>Total comprehensive income attributable to members of Technico Pty Ltd</b>		777,770	39,990,989	437,225	24,467,679
Other comprehensive income		—	—	—	—
<b>Total comprehensive income for the period</b>		777,770	39,990,989	437,225	24,467,679
<b>Profit from continuing operations after income tax expense</b>		777,770	39,990,989	437,225	24,467,679
<b>Net profit for the period</b>		777,770	39,990,989	437,225	24,467,679
<b>Net profit attributable to members of Technico Pty Limited</b>		777,770	39,990,989	437,225	24,467,679

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2015

	Notes	2015		2014	
		\$	₹	\$	₹
<b>Current assets</b>					
Cash and cash equivalents	4	1,288,202	61,234,682	625,432	34,584,826
Trade and other receivables	5	1,740,532	82,736,189	1,747,430	96,628,510
Other	6	15,177	721,438	20,175	1,115,627
<b>Total current assets</b>		<b>3,043,911</b>	<b>144,692,309</b>	<b>2,393,037</b>	<b>132,328,964</b>
<b>Non-current assets</b>					
Other financial assets	7	14,269,282	678,290,320	14,269,282	789,055,621
Property, plant and equipment	8	—	—	—	—
Intangible assets	9	13,365	635,305	15,842	876,023
<b>Total non-current assets</b>		<b>14,282,647</b>	<b>678,925,625</b>	<b>14,285,124</b>	<b>789,931,644</b>
<b>Total assets</b>		<b>17,326,558</b>	<b>823,617,934</b>	<b>16,678,161</b>	<b>922,260,608</b>
<b>Current liabilities</b>					
Trade and other payables	10	1,402,638	66,674,397	1,523,790	84,261,778
Provisions	11	24,086	1,144,928	32,307	1,786,496
<b>Total current liabilities</b>		<b>1,426,724</b>	<b>67,819,325</b>	<b>1,556,097</b>	<b>86,048,274</b>
<b>Non-current liabilities</b>					
Provisions	11	—	—	—	—
<b>Total non-current liabilities</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total liabilities</b>		<b>1,426,724</b>	<b>67,819,325</b>	<b>1,556,097</b>	<b>86,048,274</b>
<b>Net assets</b>		<b>15,899,834</b>	<b>755,798,609</b>	<b>15,122,064</b>	<b>836,212,334</b>
<b>Equity</b>					
Contributed equity	12	43,989,182	2,091,025,766	43,989,182	2,432,491,792
Accumulated losses	13	(28,089,348)	(1,335,227,157)	(28,867,118)	(1,596,279,458)
<b>Total equity</b>		<b>15,899,834</b>	<b>755,798,609</b>	<b>15,122,064</b>	<b>836,212,334</b>

STATEMENT OF CHANGES IN EQUITY AS AT 31<sup>ST</sup> MARCH, 2015

	Contributed equity \$	Retained earnings \$	Share based payment reserve \$	Total \$
<b>At 1<sup>st</sup> April, 2013</b>	43,989,182	(29,304,343)	—	14,684,839
Profit for the period	—	437,225	—	437,225
<b>At 31<sup>st</sup> March, 2014</b>	43,989,182	(28,867,118)	—	15,122,064
Profit for the period	—	777,770	—	777,770
<b>At 31<sup>st</sup> March, 2015</b>	<b>43,989,182</b>	<b>(28,089,348)</b>	<b>—</b>	<b>15,899,834</b>

  

	Contributed equity ₹	Retained earnings ₹	Share based payment reserve ₹	Total ₹
<b>At 1<sup>st</sup> April, 2013</b>	2,490,887,431	(1,659,358,479)	—	831,528,952
Profit for the period	—	24,467,674	—	24,467,674
Balance sheet exchange rate variance	(58,395,639)	38,611,347	—	(19,784,292)
<b>At 31<sup>st</sup> March, 2014</b>	2,432,491,792	(1,596,279,458)	—	836,212,334
Profit for the period	—	39,990,989	—	39,990,989
Balance sheet exchange rate variance	(341,466,026)	211,061,312	—	(120,404,714)
<b>At 31<sup>st</sup> March, 2015</b>	<b>2,091,025,766</b>	<b>(1,335,227,157)</b>	<b>—</b>	<b>755,798,609</b>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

	2015		2014	
	\$	₹	\$	₹
<b>Cash Flow from Operating Activities</b>				
Receipts from customers	2,216,772	113,980,874	1,238,377	69,301,187
Receipts of sundry income	90,993	4,678,633	105,273	5,891,214
Payments to suppliers and employees	(1,682,912)	(86,531,128)	(1,289,344)	(72,153,366)
Goods and services tax received/(paid)	5,586	287,218	8,905	498,335
Interest received	33,646	1,729,993	22,345	1,250,455
Borrowing costs	—	—	—	—
<b>Net Cash Flows from Operating Activities</b>	<b>664,085</b>	<b>34,145,590</b>	<b>85,556</b>	<b>4,787,825</b>
<b>Cash Flow from Investing Activities</b>				
Proceeds from sale of property, plant and equipment	—	—	—	—
Additions to intangible assets	(1,315)	(67,614)	(2,183)	(122,164)
Payments for protection of technology	—	—	—	—
<b>Net Cash Flows from/(used in) Investing Activities</b>	<b>(1,315)</b>	<b>(67,614)</b>	<b>(2,183)</b>	<b>(122,164)</b>
<b>Cash Flows from Financing Activities</b>				
Repayment of borrowings	—	—	—	—
<b>Net Cash Flows (used in)/from Financing Activities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net increase/(decrease) in cash held</b>	<b>662,770</b>	<b>34,077,976</b>	<b>83,373</b>	<b>4,665,661</b>
Add Opening Cash brought forward	625,432	—	542,059	—
<b>Cash and Cash Equivalents at end of period</b>	<b>1,288,202</b>	<b>61,234,682</b>	<b>625,432</b>	<b>34,584,826</b>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2015

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<sup>st</sup> March, 2015. 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 47.5350 for the current year balance sheet (2014: INR 55.2975) and the average rate of 1 AUD = INR 51.4175 for the current year income statement (2014: INR 55.9613), 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<sup>st</sup> March, 2015. 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:

**(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 six 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	2015	2014
Buildings	—	—
Plant and equipment	27%	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) 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.

#### (j) 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.

#### (k) 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's 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.

#### (l) 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.

#### (m) 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.

#### (n) 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.

#### (o) 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.

#### (p) 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.

#### (q) 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.

#### (r) 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<sup>st</sup> MARCH, 2015

	2015		2014	
	\$	₹	\$	₹
<b>Note 2: Revenues and Expenses</b>				
Revenue and expenses from continuing activities				
<b>(a) Revenue</b>				
Sale of goods	2,209,874	113,626,196	2,232,963	124,959,512
Finance revenue	33,646	1,729,993	22,345	1,250,455
Agronomy support income	77,205	3,969,688	59,749	3,343,632
Sundry income	13,788	708,945	45,523	130,002
Profit on sale of assets	—	—	—	—
	<u>2,334,513</u>	<u>120,034,822</u>	<u>2,360,580</u>	<u>132,101,126</u>
<b>Breakdown of finance revenue:</b>				
Bank interest	<u>33,646</u>	<u>1,729,993</u>	<u>22,345</u>	<u>1,250,455</u>
<b>(b) Finance costs</b>				
Bank loans and overdrafts	—	—	—	—
<b>(c) Depreciation, amortisation and costs of inventories included in the income statement</b>				
Depreciation of non-current assets:				
Buildings	—	—	—	—
Plant and equipment	—	—	146	8,170
Total depreciation of non-current assets	—	—	146	8,170
Amortisation of non-current assets:				
Leased plant and equipment	—	—	—	—
Technology and trademarks	3,792	194,975	3,840	214,891
Total amortisation of non-current assets	<u>3,792</u>	<u>194,975</u>	<u>3,840</u>	<u>214,891</u>
<b>Total depreciation and amortisation expenses</b>	<u>3,792</u>	<u>194,975</u>	<u>3,986</u>	<u>223,062</u>
Cost of inventories recognised as an expense includes write down of inventory to net realisable value				
	—	—	—	—
<b>(d) Employee benefit expense</b>				
Wages and salaries	226,047	11,622,772	296,716	16,604,613
Workers' compensation costs	435	22,367	561	31,394
Annual leave provision	(8,221)	(422,703)	3,686	206,273
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%	233,331	11,997,297	131,168	7,340,332
Amortisation of technology	(101)	(5,193)	(101)	(5,652)
Movement in employee entitlements	(2,466)	(126,796)	1,106	61,893
Write back or write down of investments in wholly owned subsidiaries	—	—	—	—
Non-deductible expenses/timing differences	(48,017)	(2,468,914)	11,057	618,763
(Recoupment of prior year tax losses)/Future income tax benefits not brought to account	(182,747)	(9,396,394)	(142,230)	(8,015,336)
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 \$(182,747) (2014: \$(142,230)). 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:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation continue to be complied with; and
- 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<sup>ST</sup> MARCH, 2015 (Contd.)

	Notes	2015	2014
		\$	₹
		\$	₹
<b>Note 4: Cash and cash equivalents</b>			
Current			
Cash at bank		11,571	550,027
Deposits at call		1,276,631	60,684,655
		<u>1,288,202</u>	<u>61,234,682</u>
(a) Terms and conditions relating to the above financial instruments:			
(i) Cash at bank has a weighted average interest rate of 0% (2014: 0%); and			
(ii) Deposits at call has a weighted average effective interest rate of 3.33% (2014: 3.56%).			
(b) Reconciliation of net profit/(loss) after tax to the net cash flows from operations:			
Net profit		777,770	39,990,989
Non-cash items:			
Amortisation of non-current assets		3,792	194,975
Depreciation of non-current assets		—	—
Decrease in value of inventories		—	—
Provision for doubtful debts		—	—
Decrease/(increase) in value of receivables in subsidiaries		—	—
(Increase)/decrease in value of investments in subsidiaries		—	—
Unrealised foreign currency revaluation		—	—
(Profit)/loss on sale of property, plant and equipment		—	—
Employee benefits equity reserve		—	—
(Profit)/loss on sale of assets		—	—
(Profit)/loss on disposal of assets		—	—
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables		6,898	354,678
(Increase)/decrease in inventories		—	—
Decrease/(increase) in other current assets		4,998	256,985
Increase/(decrease) in trade creditors and accruals		(121,152)	(6,229,333)
Increase/(decrease) in employee provisions		(8,221)	(422,703)
Cash flows from operations		<u>664,085</u>	<u>34,145,591</u>
<b>Note 5: Trade and other receivables</b>			
Current			
Trade debtors	(a)	1,741,893	82,800,884
Provision for doubtful debts		—	—
		<u>1,741,893</u>	<u>82,800,884</u>
Other debtors	(a)	(1,361)	(64,695)
		<u>1,740,532</u>	<u>82,736,189</u>
Non-current			
Amounts receivable from wholly-owned subsidiaries		—	—
Provision for doubtful debts		—	—
		<u>—</u>	<u>—</u>
(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.			
<b>Note 6: Other assets</b>			
Current			
Prepayments		10,491	498,689
Interest accrual		4,686	222,749
		<u>15,177</u>	<u>721,438</u>
<b>Note 7: Other financial assets</b>			
Non-current			
Shares in subsidiaries:			
At cost		18,180,409	864,205,742
Provision for write-down	(a)	(3,911,127)	(185,915,422)
Total other financial assets		<u>14,269,282</u>	<u>678,290,320</u>
(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<sup>st</sup> MARCH, 2015 (Contd.)

## Interest in Subsidiaries

	Country of incorporation	Percentage of equity interest held by the consolidated entity (%)	Investment (Provision for diminution)			
			2015		2014	
			\$	₹	\$	₹
Technico Asia Holdings Pty Limited (formerly known as Technico China Pty Limited)	Australia	100	3,684,522 (2,714,786) 969,736	175,143,753 (129,047,352) 46,096,401	3,684,522 (2,714,786) 969,736	203,744,855 (150,120,879) 53,623,976
Technico Technologies Inc	Canada	100	1,196,341 (1,196,341) —	56,868,069 (56,868,069) —	1,196,341 (1,196,341) —	66,154,666 (66,154,666) —
Technico Agri Sciences Limited	India	100	13,299,546 13,299,546	632,193,919 632,193,919	13,299,546 13,299,546	735,431,645 735,431,645

	2015		2014	
	\$	₹	\$	₹
<b>Note 8: Property, plant and equipment</b>				
Non-current				
Plant and equipment at cost	2,838	134,904	2,838	156,934
Accumulated depreciation and impairment	(2,838)	(134,904)	(2,838)	(156,934)
Net carrying amount	—	—	—	—
Total net carrying amount of plant and equipment	—	—	—	—
Total property, plant and equipment at cost	2,838	134,904	2,838	156,934
Accumulated depreciation, amortisation and impairment	(2,838)	(134,904)	(2,838)	(156,934)
Total property, plant and equipment	—	—	—	—
<i>Land</i>				
Balance at beginning of the year - net of accumulated depreciation and impairment	—	—	—	—
Disposals	—	—	—	—
Balance at end of the year - net of accumulated depreciation and impairment	—	—	—	—
<i>Buildings at cost</i>				
Balance at beginning of the year - net of accumulated depreciation and impairment	—	—	—	—
Disposals	—	—	—	—
Depreciation expense	—	—	—	—
Balance at end of the year - net of accumulated depreciation and impairment	—	—	—	—
<i>Plant and equipment at cost</i>				
Balance at beginning of the year - net of accumulated depreciation and impairment	—	—	145	8,018
Additions	—	—	—	—
Disposals	—	—	—	—
Depreciation expense	—	—	(145)	(8,018)
Balance at end of the year - net of accumulated depreciation and impairment	—	—	—	—

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS AS AT 31<sup>st</sup> MARCH, 2015

	2015		2014	
	\$	₹	\$	₹
<b>Note 9: Intangible assets</b>				
Non-current				
TECHNITUBER® technology, patents and trademarks at cost	3,411,011	162,142,408	3,409,697	188,547,720
Less: Accumulated amortisation	(3,397,646)	(161,507,103)	(3,393,855)	(187,671,697)
	<u>13,365</u>	<u>635,305</u>	<u>15,842</u>	<u>876,023</u>
Movement in intangibles				
Balance at beginning of the year	15,842	753,049	17,500	967,706
Additions	1,315	62,509	2,182	120,714
Amortisation expense	(3,792)	(180,253)	(3,840)	(212,342)
Balance at the end of the year	<u>13,365</u>	<u>635,305</u>	<u>15,842</u>	<u>876,023</u>

	2015		2014	
	\$	₹	\$	₹
<b>Note 10: Trade and other payables</b>				
Current				
Trade creditors	748,193	35,565,354	914,904	50,591,904
Sundry creditors and accruals	654,445	31,109,043	608,886	33,669,874
	<u>1,402,638</u>	<u>66,674,397</u>	<u>1,523,790</u>	<u>84,261,778</u>

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.

	2015		2014	
	\$	₹	\$	₹
<b>Note 11: Provisions</b>				
Current				
Employee entitlements	24,086	1,144,928	32,307	1,786,496
Non-current				
Employee entitlements	—	—	—	—

	2015		2014	
	\$	₹	\$	₹
<b>Note 12: Contributed equity</b>				
(a) Issued and paid up capital				
Ordinary shares fully paid 22,606,065 shares	44,098,046	2,096,200,617	44,098,046	2,438,511,699
(2014: 22,606,065)	(108,864)	(5,174,851)	(108,864)	(6,019,907)
Discount on issue	<u>43,989,182</u>	<u>2,091,025,766</u>	<u>43,989,182</u>	<u>2,432,491,792</u>

(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 of 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.

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS AS AT 31<sup>st</sup> MARCH, 2015 (Contd.)

	2015		2014	
	\$	₹	\$	₹
<b>Note 13: Reserves and accumulated losses</b>				
Accumulated losses	<u>28,089,348</u>	<u>1,335,227,157</u>	<u>28,867,118</u>	<u>1,596,279,458</u>
Balance at the beginning of the year	<u>28,867,118</u>	<u>1,372,198,454</u>	<u>29,304,344</u>	<u>1,620,456,962</u>
Net (profit)/loss attributable to the members of Technico Pty Ltd	<u>(777,770)</u>	<u>(36,971,297)</u>	<u>(437,225)</u>	<u>(24,177,449)</u>
Total unavailable for appropriation	<u>28,089,348</u>	<u>1,335,227,157</u>	<u>28,867,119</u>	<u>1,596,279,513</u>
Dividends paid or provided for	—	—	—	—
Aggregate amount transferred (to)/from reserves	—	—	—	—
Balance at the end of the period	<u>28,089,348</u>	<u>1,335,227,157</u>	<u>28,867,119</u>	<u>1,596,279,513</u>
<b>Note 14: Contingent liabilities</b>				
Estimates of material amounts of contingent liabilities, not provided for in the financial report	—	—	—	—
<b>Note 15: Events subsequent to reporting date</b>				
There are no subsequent events to be reported.				
<b>Note 16: Remuneration of auditors</b>				
Amounts received or due and receivable by auditor:				
Audit of the entity by auditor/group auditor	<u>33,578</u>	<u>1,722,486</u>	<u>37,500</u>	<u>2,098,549</u>
Other services in relation to the entity	<u>6,500</u>	<u>338,224</u>	<u>6,500</u>	<u>363,748</u>
	<u>40,078</u>	<u>2,060,710</u>	<u>44,000</u>	<u>2,462,297</u>