DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH, 2019

Your directors submit their report for the financial year ended 31 March 2019.

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 (till 17th July 2018)	Mr Allan Hendry
Mr Sachidanand Madan	Mr Dharmarajan Ashok (Effective 13th August 2018)

All the directors, except as stated above, 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:

49 Bowral 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® Technology and has undertaken commercialisation of such technology through its wholly owned subsidiaries in different geographies viz.:

- Technico Asia Holdings Pty Limited, Australia ('TAHL')
- Technico Horticultural (Kunming) Co. Limited, China (100% subsidiary of TAHL)
- Technico Technologies Inc., Canada

Review and results of operations

Your company is focused on ensuring the continuous upgrading of the TECHNITUBER® Technology and customising its application across various geographies. Your company is also engaged in the marketing of TECHNITUBER ® seeds to global customers by leveraging the production facilities of its subsidiaries in China and Canada as well as the facilities of its group company Technico Agri Sciences Limited, India ("TASL").

For the year under review, your company has reported revenues from sale of goods of A$2,413,161 (2018: A$2,522,595) and earned a net profit of A$ 1,250, 911(2018: A$1,450,497). Net Profit for the current year is lower due to lower other income and forex loss.

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

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the company during the year.

Significant events after balance sheet date

There are no significant events after the balance sheet date to be reported.

Future developments and results

Further development of the TECHNITUBER® Technology is being pursued.

Environmental regulation and performance

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

Indemnification and insurance of directors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Technico Pty Limited.

Auditor independence

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 March 2019 has been received and is included in the financial report.

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

Allan Hendry
Director

Place: Sydney, Australia
Date: 25th April 2019

DIRECTORS' DECLARATION FOR THE YEAR ENDED 31 MARCH, 2019

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

(a) the company is not a reporting entity as defined in the Australian Accounting Standards;

(b) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 31 March 2019 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations; and

(c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board:

Allan Hendry
Director

Sydney, Australia
Date: 25th April 2019

AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

To the Directors of the Technico Pty Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2019 there has been:

a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Kelly Partners (South West Sydney) Partnership
Daniel Kuchta
Registered Auditor Number 335565

Campbelltown

Date: 26th April 2019

INDEPENDENT AUDIT REPORT

To the Members of Technico Pty Limited,

Opinion

We have audited the financial report of Technico Pty Limited, which comprises the statement of financial position as at 31 March 2019, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Technico Pty Limited is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the company's financial position as at 31 March 2019 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the directors' report for the year ended 31 March 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 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. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kelly Partners (South West Sydney) Partnership
Daniel Kuchta

Registered Auditor Number 335565
Campbelltown
Date: 26th April 2019

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH, 2019

		2019		2018	
	Notes	**$**	**₹**	$	₹
Continuing operations					
Sale of goods		**2,413,161**	**119,529,897**	2,522,595	125,653,736
Cost of sales:					
Other cost of sales		**(1,012,585)**	**(50,155,867)**	(1,100,131)	(54,798,955)
Inventory write off and write down		–	–	–	–
Gross profit		**1,400,576**	**69,374,030**	1,422,464	70,854,781
Other income	2(a)	**185,423**	**9,184,465**	297,577	14,822,697
Middle East & North Africa expenses		**(134)**	**(6,637)**	(7,675)	(382,302)
Research and development expenses		**(36,954)**	**(1,830,424)**	(31,554)	(1,571,746)
Occupancy expenses		**(3,273)**	**(162,120)**	(3,273)	(163,032)
Administration expenses:					
Other administration expenses		**(215,226)**	**(10,660,682)**	(141,320)	(7,039,333)
Profit from continuing operations before income tax expense		**1,330,412**	**65,898,632**	1,536,219	76,521,065
Income tax expense	3	**(79,501)**	**(3,937,883)**	(85,722)	(4,269,925)
Total comprehensive income attributable to members of Technico Pty Ltd		**1,250,911**	**61,960,749**	1,450,497	72,251,140
Other comprehensive income		–	–	–	–
Total comprehensive income for the period		**1,250,911**	**61,960,749**	1,450,497	72,251,140
Profit from continuing operations after income tax expense		**1,250,911**	**61,960,749**	1,450,497	72,251,140
Net profit for the period		**1,250,911**	**61,960,749**	1,450,497	72,251,140
Net profit attributable to members of Technico Pty Limited		**1,250,911**	**61,960,749**	1,450,497	72,251,140

BALANCE SHEET AS AT 31 MARCH, 2019

	Notes	2019 $	2019 ₹	2018 $	2018 ₹
Current assets					
Cash and cash equivalents	4	**4,305,240**	**211,042,864**	3,168,329	158,559,024
Trade and other receivables	5	**1,963,146**	**96,233,417**	1,684,745	84,313,064
Other	6	**71,442**	**3,502,086**	46,392	2,321,688
Total current assets		**6,339,828**	**310,778,367**	4,899,466	245,193,776
Non-current assets					
Other financial assets	7	**969,736**	**47,536,458**	969,736	48,530,438
Property, plant and equipment	8	–	–	–	–
Intangible assets	9	**15,634**	**766,379**	14,161	708,687
Total non-current assets		**985,370**	**48,302,837**	983,897	49,239,125
Total assets		**7,325,198**	**359,081,204**	5,883,363	294,432,901
Current liabilities					
Trade and other payables	10	**912,334**	**44,722,613**	721,410	36,102,963
Provisions	11	–	–	–	–
Total current liabilities		**912,334**	**44,722,613**	721,410	36,102,963
Total liabilities		**912,334**	**44,722,613**	721,410	36,102,963
Net assets		**6,412,864**	**314,358,591**	5,161,953	258,329,938
Equity					
Contributed equity	12	**19,489,182**	**955,359,702**	19,489,182	975,336,113
Accumulated losses	13	**(13,076,318)**	**(641,000,111)**	(14,327,229)	(717,006,175)
Total equity		**6,412,864**	**314,359,591**	5,161,953	258,329,938

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH, 2019

	Contributed Equity $	Retained earnings $	Total $
At 1 April 2017	**19,489,182**	**(15,777,724)**	**3,711,458**
Profit for the period	**–**	**1,450,497**	**1,450,497**
At 31 March 2018	**19,489,182**	**(14,327,229)**	**5,161,953**
Profit for the period	**–**	**1,250,911**	**1,250,911**
At 31 March 2019	**19,489,182**	**(13,076,318)**	**6,412,864**

	Contributed Equity ₹	Retained earnings ₹	Total ₹
At 1 April 2017	966,273,644	(782,259,556)	184,014,088
Profit for the period	–	72,251,140	72,251,140
Balance sheet exchange rate variance	9,062,469	6,997,759	2,064,710
At 31 March 2018	975,336,113	(717,006,175)	258,329,938
Profit for the period	–	61,960,749	61,960,749
Balance sheet exchange rate variance	(19,976,411)	14,045,315	(5,931,096)
At 31 March 2019	955,359,702	(641,000,111)	314,359,591

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2019

	2019		2018	
	$	₹	$	₹
Cash flow from operating activities				
Receipts from customers	2,104,447	104,238,520	2,462,597	122,665,158
Receipts of sundry income	76,018	3,765,362	9,736	484,963
Payments to suppliers and employees	(1,025,405)	(50,790,873)	(1,800,243)	(89,672,444)
Goods and services tax received/(paid)	(111,998)	(5,547,541)	5,743	286,066
Interest received	98,490	4,878,456	76,125	3,791,885
Borrowing costs	–	–	–	–
Net cash flows from operating activities	1,141,552	56,543,924	753,958	37,555,628
Cash flow from investing activities				
Additions/(disposals) to intangible assets	–	–	–	–
Payments for protection of technology	(4,641)	(229,880)	(2,999)	(149,384)
Net cash flows from/(used in) investing activities	(4,641)	(229,880)	(2,999)	(149,384)
Cash flows from financing activities				
Sale of investment in subsidiary/trademark	–	–	–	–
Share capital redemption	–	–	–	–
Net cash flows (used in)/from financing activities	–	–	–	–
Net increase/(decrease) in cash held	1,136,911	56,314,044	750,958	37,406,194
Add opening cash brought forward	3,168,329	158,559,024	2,417,371	119,853,254
Non cash exchange gain/(loss) on translation of opening cash balance	–	(3,830,204)	–	1,299,576
Cash and cash equivalents at end of period	4,305,240	211,042,864	3,168,329	158,559,024

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:

49 Bowral Street BOWRAL NSW 2576 Australia

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 49.0200 for the current year balance sheet (2018: INR 50.045) and the average rate of 1 AUD = INR 49.5325 for the current year income statement and cash flow statement (2018: INR 49.8113), and have been included in the financial report as required by the parent entity.

The directors have determined that the company is not a "reporting entity". Consequently the requirements of Accounting Standards issued by the AASB and other professional reporting requirements do not have mandatory applicability to Technico Pty Limited in relation to the year ended 31 March 2019. 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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(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	*2019*	*2018*
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 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:

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

- 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.

	2019		2018	
	$	₹	$	₹
Note 2: Revenues and expenses				
Revenue and expenses from continuing activities				
(a) Revenue & Other Income				
Finance revenue	98,490	4,878,456	76,125	3,791,885
Agronomy support income	76,018	3,765,362	9,736	484,963
Misc. income	10,915	540,647	189,648	9,446,613
Realised foreign exchange gain	–	–	–	–
Unrealised foreign exchange gain	–	–	22,068	1,099,236
Profit on sale of investment/Trademark (net)	–	–	–	–
	185,423	9,184,465	297,577	14,822,697
Breakdown of finance revenue:				
Bank interest	98,490	4,878,456	76,125	3,791,885
(b) ***Depreciation, amortisation and costs of inventories included in the income statement (continued)***				
Amortisation of non-current assets:				
Technology and trademarks	3,168	156,919	3,409	169,807
Total amortisation of non-current assets	3,168	156,919	3,409	169,807
(c) ***Employee benefit expense***				
Wages and salaries	33,940	1,681,133	28,914	1,440,244
Workers' compensation costs	549	27,193	446	22,216
Annual leave provision	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	2019 $	2019 ₹	2018 $	2018 ₹
Note 3: Income tax				
The major components of income tax expenses are:				
Income statement				
Current income tax				
Current income tax charge	79,501	3,937,883	85,722	4,269,924
Overprovision – prior year	–	–	–	–
Income tax expense reported in the income statement	79,501	3,937,883	85,722	4,269,924
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%	399,123	19,769,560	460,865	22,956,285
Amortisation of technology	(100)	(4,953)	(101)	(5,031)
Movement in employee entitlements	–	–	–	–
Write back or write down of investments in wholly owned subsidiaries	–	–	–	–
Non-deductible expenses/timing differences	4,535	224,630	(25,627)	(1,276,514)
Recoupment of prior year tax losses	(324,057)	(16,051,354)	(349,415)	(17,404,815)
Income tax attributable to ordinary activities	79,501	3,937,883	85,722	4,269,925

Income tax losses

Future income tax benefits arising from revenue timing differences and tax losses of the parent entity amounted to $324,057 (2018: $349,415). This has not been brought to account at balance sheet date as realisation is not considered probable.

The future income tax benefit will only be obtained if:

(i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;

(ii) the conditions for deductibility imposed by tax legislation continue to be complied with; and

(iii) no changes in tax legislation adversely affect the economic entity in realising the benefit.

	2019 $	2019 ₹	2018 $	2018 ₹
Note 4: Cash and cash equivalents				
Current				
Cash at bank	**623,466**	**30,562,303**	270,385	13,531,417
Deposits at call	**3,681,774**	**180,480,561**	2,897,944	145,027,607
Term deposit	–	–	–	–
	4,305,240	**211,042,864**	3,168,329	158,559,024

(a) Terms and conditions relating to the above financial instruments:

(i) cash at bank has a weighted average interest rate of 0% (2018: 0%); and

(ii) deposits at call has a weighted average effective interest rate of 2.575% AUD account (2018: 2.51% AUD Account)

	Note	2019 $	2019 ₹	2018 $	2018 ₹
(b) Reconciliation of net profit/(loss) after tax to the net cash flows from operations:					
Net profit		**1,250,911**	**61,960,749**	1,450,497	72,251,140
Non-cash items:					
Amortisation/disposal of non-current assets		**3,168**	**156,919**	3,409	169,807
(Profit)/loss on sale of investments	7	–	–	–	–
Income tax expense		–	–	–	–
Changes in assets and liabilities:					
(Increase)/decrease in trade and other receivables		**(278,401)**	**(13,789,898)**	(247,570)	(12,331,784)
Decrease/(increase) in other current assets		**(25,050)**	**(1,240,789)**	(8,076)	(402,276)
Increase/(decrease) in trade creditors and accruals		**190,924**	**9,456,943**	(444,302)	(22,131,210)
Increase in employee provisions		–	–	–	–
Cash flows from operations		**1,141,552**	**56,543,924**	753,958	37,555,628

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Note	2019 $	2019 ₹	2018 $	2018 ₹
Note 5: Trade and other receivables					
Current					
Trade debtors	(a)	**1,963,146**	**96,233,417**	1,684,745	84,313,064
Provision for doubtful debts		–	–	–	–
		1,963,146	**96,233,417**	1,684,745	84,313,064
Other debtors	(a)	–	–	–	–
		1,963,146	**96,233,417**	1,684,745	84,313,064

(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.

	Note	2019 $	2019 ₹	2018 $	2018 ₹
Note 6: Other assets					
Current					
Prepayments		**2,224**	**109,020**	5,956	298,068
Interest accrual		**69,218**	**3,393,066**	40,436	2,023,620
		71,442	**3,502,086**	46,392	2,321,688
Note 7: Other financial assets					
Non-current					
Shares in subsidiaries:					
At cost		**4,880,863**	**239,259,904**	4,880,863	244,262,789
Provision for write-down	(a)	**(3,911,127)**	**(191,723,446)**	(3,911,127)	(195,732,351)
Total other financial assets		**969,736**	**47,536,458**	969,736	48,530,438

(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.

Interest in subsidiaries

	Percentage of equity interest held by the consolidated entity country of incorporation	%	Investment (Provision for diminution) 2019 $	2019 ₹	2018 $	2018 ₹
Technico Asia Holdings Pty Ltd (formerly known as Technico China Pty Ltd)	Australia	100	**3,684,522**	**180,615,268**	3,684,522	184,391,903
			(2,714,786)	**(133,078,810)**	(2,714,786)	(135,861,465)
			969,736	**47,536,458**	969,736	48,530,438
Technico Technologies Inc.	Canada	100	**1,196,341**	**58,644,636**	1,196,341	59,870,885
			(1,196,341)	**(58,644,636)**	(1,196,341)	(59,870,885)
			–	–	–	–

	2019 $	2019 ₹	2018 $	2018 ₹
Note 8: Property, plant and equipment				
Non-current				
Plant and equipment at cost	–	–	–	–
Accumulated depreciation and impairment	–	–	–	–
Net carrying amount	–	–	–	–
Total net carrying amount of plant and equipment	–	–	–	–
Total property, plant and equipment at cost	–	–	–	–
Accumulated depreciation, amortisation and impairment	–	–	–	–
Total property, plant and equipment	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	2019		2018	
	$	₹	$	₹
Note 9: Intangible assets				
Non-current				
TECHNITUBER® technology, patents and trademarks at cost	3,417,471	167,524,429	3,412,831	170,795,127
Less: Accumulated amortisation	(3,401,837)	(166,758,050)	(3,398,670)	(170,086,440)
	15,634	766,379	14,161	708,687
Movement in intangibles				
Balance at beginning of the year	14,161	694,172	14,571	729,205
Additions	4,641	227,502	2,999	150,085
Withdrawals	–	–	–	–
Amortisation expense	(3,168)	(155,295)	(3,409)	(170,603)
Balance at the end of the year	15,634	766,379	14,161	708,687
Note 10: Trade and other payables				
Current				
Trade creditors	877,128	42,996,815	645,870	32,322,564
Sundry creditors and accruals	35,206	1,725,798	75,540	3,780,399
	912,334	44,722,613	721,410	36,102,963

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.

	2019 $	2019 ₹	2018 $	2018 ₹
Note 11: Provisions				
Current				
Employee entitlements	–	–	–	–
Note 12: Contributed equity				
(a) Issued and paid up capital				
Ordinary shares fully paid 10,015,502 shares (2018: 10,015,502)	19,598,046	960,696,215	19,598,046	980,784,212
Share capital redemption	–	–	–	–
Discount on issue	(108,864)	(5,336,513)	(108,864)	(5,448,099)
	19,489,182	955,359,702	19,489,182	975,336,113

(b) Terms and conditions of contributed equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

	2019 $	2019 ₹	2018 $	2018 ₹
Note 13: Reserves and accumulated losses				
Accumulated losses	13,076,318	641,000,111	14,327,229	717,006,175
Balance at beginning of year	14,327,229	717,006,175	15,777,724	782,259,556
Net (profit)/loss attributable to the members of Technico Pty Ltd	(1,250,911)	(76,006,064)	(1,450,497)	(65,253,381)
Total unavailable for appropriation	13,076,318	641,000,111	14,327,229	717,006,175
Dividends paid or provided for	–	–	–	–
Balance at end of period	13,076,318	641,000,111	14,327,229	717,006,175
Note 14: Contingent liabilities				
Estimates of material amounts of contingent liabilities, not provided for in the financial report	–	–	–	–

Note 15: Events subsequent to reporting date

There are no subsequent events to be reported.

	2019 $	2019 ₹	2018 $	2018 ₹
Note 16: Remuneration of auditors				
Amounts received or due and receivable by auditor:				
Audit of the entity by auditor/group auditor	12,000	594,390	12,000	597,736
Other services in relation to the entity	7,500	371,494	13,500	672,453
	19,500	965,884	25,500	1,270,189