

APPENDIX 4E

PRELIMINARY FINAL REPORT GIVEN TO THE ASX UNDER LISTING RULE 4.3A

ORIENTAL TECHNOLOGIES INVESTMENT LIMITED ABN 13 060 266 248

Reporting Period: Year ended 31st December 2010

Previous Reporting Period: Year ended 31st December 2009

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key Information

	Year ended 31 December		Movement %
	2010 \$000	2009 \$000	
Revenue from ordinary activities	64,494	43,379	48.7
Loss from ordinary activities after income tax attributable to members	(23)	(790)	97.1
Net loss for the period attributable to members	(23)	(790)	97.1

Dividends

	Amount per security \$	Franked amount per security at 30% \$	Total \$
Final			
2010 final dividend	Nil	Nil	Nil
2009 final dividend	Nil	Nil	Nil
Interim			
2010 interim dividend	Nil	Nil	Nil
2009 interim dividend	Nil	Nil	Nil

It is not proposed to pay dividends and there is no record date for determining entitlements to dividends.

Explanation

A foreign currency translation loss totalling \$1,487,000 (2009 \$4,832,000) has been included in the Group's comprehensive income net result. This translation loss results from the conversion of the Group's consolidated net assets held in Chinese currency (Renminbi) being converted at a year-end foreign currency conversion rate of 6.7015 (2009: 6.1064). The strengthening of the Australian dollar against the Renminbi was the cause of this loss.

For further explanation of the Group's results, refer to the Review of Operations and Outlook in Note 14 to these financial statements.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31st DECEMBER 2010

	Note	2010 \$'000	2009 \$'000
Revenue	4	63,905	42,560
Other income	5	589	819
		<u>64,494</u>	<u>43,379</u>
Changes in inventories of finished goods and work in progress		4,033	2,673
Raw materials and consumables used		(59,962)	(39,603)
Employee benefits expense		(3,631)	(2,927)
Depreciation and amortisation expense	6	(2,346)	(2,729)
Impairment loss	6	(66)	-
Borrowing costs	6	(907)	(901)
Other expenses	6	(1,084)	(827)
(Loss) / Profit before income tax		<u>531</u>	<u>(935)</u>
Income tax expense		<u>(116)</u>	<u>(61)</u>
Profit / (Loss) from continuing operations		415	(996)
Other comprehensive income			
Foreign currency translation loss		(1,487)	(4,832)
Total comprehensive income for the year		<u>(1,072)</u>	<u>(5,828)</u>
(Loss) / Profit from continuing operations attributable to:			
Members of the parent		(23)	(790)
Non-controlling interest		438	(206)
		<u>415</u>	<u>(996)</u>
Other comprehensive income attributable to:			
Members of the parent		(816)	(2,698)
Non-controlling interest		(671)	(2,134)
		<u>(1,487)</u>	<u>(4,832)</u>
		Cents	Cents
Loss per share from continuing operations attributable to members of the parent			
Basic loss per share		<u>(0.02)</u>	<u>(0.63)</u>
Diluted loss per share		<u>(0.02)</u>	<u>(0.63)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 31st DECEMBER 2010

	Note	2010 \$'000	2009 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	7	4,472	4,615
Trade and other receivables		7,854	5,541
Inventories		13,535	9,502
Other investments, including derivatives		4	132
Total current assets		<u>25,865</u>	<u>19,790</u>
Non-current assets			
Property, plant and equipment	9	16,726	19,045
Total assets		<u>42,591</u>	<u>38,835</u>
LIABILITIES			
Current liabilities			
Trade and other payables, including derivatives		9,461	4,142
Provisions		30	-
Short-term borrowings		16,414	16,934
Total current liabilities		<u>25,905</u>	<u>21,076</u>
Non-current liabilities			
		-	-
Total liabilities		<u>25,905</u>	<u>21,076</u>
Net assets		<u>16,686</u>	<u>17,759</u>
EQUITY			
Issued capital	10	28,556	28,556
Reserves		170	880
Accumulated Losses		(19,360)	(19,230)
Total equity attributable to equity holders of the Company		9,366	10,206
Non-controlling interest		7,320	7,553
Total equity		<u>16,686</u>	<u>17,759</u>
		Cents	Cents
Net tangible assets per share		<u>13.2</u>	<u>14.1</u>

CONSOLIDATED STATEMENT OF CASH FLOW
 FOR THE YEAR ENDED 31st DECEMBER 2010

	2010	2009
Note	\$'000	\$'000
Cash flows from operating activities		
Cash receipts from customers	62,066	42,030
Cash paid to suppliers and employees	(60,758)	(45,211)
Interest received	85	85
Finance costs	(907)	(901)
Income taxes (paid) / refund	(86)	138
Net cash inflow / (outflow) from operating activities	<u>400</u>	<u>(3,859)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,760)	(1,303)
Proceeds from sale of property, plant and equipment	2	217
Net cash outflow from investing activities	<u>(1,758)</u>	<u>(1,086)</u>
Cash flows from financing activities		
Proceeds from borrowings	25,894	25,945
Repayment of borrowings	(24,910)	(24,077)
Net cash inflow from financing activities	<u>984</u>	<u>1,868</u>
Net decrease in cash and cash equivalents	(374)	(3,077)
Net foreign exchange differences	231	(951)
Cash and cash equivalents at beginning of year	4,615	8,643
Cash at the end of the financial year	<u>7</u> <u>4,472</u>	<u>4,615</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31st DECEMBER 2010

	Issued Capital	Accumulated Losses	Other Reserves	Total	Non- controlling Interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CONSOLIDATED ENTITY						
At 31st December 2008	28,556	(18,458)	3,595	13,693	9,893	23,586
Loss for the year ended 31 st December 2009	-	(790)	-	(790)	(206)	(996)
Foreign currency translation differences			(2,698)	(2,698)	(2,134)	(4,832)
Transfer between reserves	-	17	(17)	-	-	-
Other	-	1	-	1	-	1
Total income and expense for the year recognised directly in equity	-	18	(2,715)	(2,697)	(2,134)	(4,831)
At 31st December 2009	28,556	(19,230)	880	10,206	7,553	17,759
(Loss) / Profit for the year ended 31 st December 2010	-	(23)	-	(23)	438	415
Foreign currency translation differences	-	-	(816)	(816)	(671)	(1,487)
Transfer between reserves	-	(106)	106	-	-	-
Other	-	(1)	-	(1)	-	(1)
Total income and expense for the year recognised directly in equity	-	(107)	(710)	(817)	(671)	(1,488)
At 31st December 2010	28,556	(19,360)	170	9,366	7,320	16,686

NOTES TO ASX APPENDIX 4E

1 ACCOUNTING POLICIES, ESTIMATION METHODS AND MEASUREMENT BASES

Accounting policies, estimation methods and measurement bases used in this Appendix 4E are the same as those used in the last annual report and the last half-year report.

2 DETAILS OF CONTROLLED ENTITIES

There are no entities over which control has been gained or lost during the period.

3 JOINT VENTURES

There are no associates or joint venture entities

4 REVENUE

	Consolidated Entity	
	2010	2009
	\$'000	\$'000
Sale of goods	62,745	41,616
Sale of scrap	1,075	859
Interest income	85	85
	<u>63,905</u>	<u>42,560</u>

5 OTHER INCOME

Foreign currency gain	574	648
Gain on disposal of Property, Plant and Equipment	-	148
Net gain on financial assets at fair value	5	-
Other	10	23
	<u>589</u>	<u>819</u>

6 EXPENSES

<i>Depreciation expense</i>		
Land use rights	23	27
Buildings	282	330
Plant and equipment	2,041	2,372
	<u>2,346</u>	<u>2,729</u>
<i>Impairment loss</i>		
Plant and equipment	66	-
	<u>66</u>	<u>-</u>
Employee benefits	<u>3,631</u>	<u>2,927</u>
<i>Finance Costs</i>		
Interest paid/payable	<u>907</u>	<u>901</u>
<i>Other Expenses:</i>		
Technical and advisory fees	189	205
General & administrative costs	771	622
Doubtful debt expense	90	-
Foreign currency loss	34	-
	<u>1,084</u>	<u>827</u>

7 CASH AND CASH EQUIVALENTS

	Consolidated Entity	
	2010	2009
	\$'000	\$'000
Cash at bank and in hand	4,472	4,615
	Per annum %	Per annum %
Interest rates on cash at bank and in hand	1.9	1.3

8 SEGMENT REPORTING

Description of segments

The Group has identified its operating segments based on internal reports that are reviewed and used by the Chief Operating Decision Maker in assessing performance and determining the allocation of resources. The Group is managed primarily on the basis of geographic location. Operating segments are therefore determined on this basis.

Although managed globally, the Group operates in four principal geographical areas – China, Europe, Middle East and Australia. The composition of each geographical segment is as follows:

China – a People's Republic of China entity controlled by Oriental Technologies Investment Limited operates a lead acid battery manufacturing plant in China and makes local sales.

Europe, Middle East and Australia - a People's Republic of China entity controlled by Oriental Technologies Investment Limited exports a broad range of its products to the Europe, Middle East and Australia.

Reporting format - Geographical segments

Chief Operating Decision Maker (CODM)

The CODM is Dr Xinsheng Wang, Managing Director.

8 SEGMENT REPORTING (continued)

Primary reporting format - Geographical segments

2010

	Europe	Australia	China	Middle East	Other	Total continuing operations	Inter-segment elimination/ Unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue								
Sales to external customers	28,122	8,927	17,556	4,497	3,643	62,745	1,160	63,905
Total sales revenue	28,122	8,927	17,556	4,497	3,643	62,745	1,160	63,905
Other revenue/income	-	-	-	-	-	-	589	589
Total segment revenue/income	28,122	8,927	17,556	4,497	3,643	62,745	1,749	64,494
Result								
Segment result	3,070	974	1,916	491	398	6,849	(6,318)	531
Profit before income tax								531
Income tax expense								(116)
Net profit for the year								415

2009

	Europe	Australia	China	Other	Total continuing operations	Inter-segment elimination/ Unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue							
Sales to external customers	18,954	9,088	11,590	1,984	41,616	944	42,560
Total sales revenue	18,954	9,088	11,590	1,984	41,616	944	42,560
Other revenue/income	-	-	-	-	-	819	819
Total segment revenue/income	18,954	9,088	11,590	1,984	41,616	1,763	43,379
Result							
Segment result	(363)	(174)	(222)	(38)	(797)	(138)	(935)
Loss before income tax							(935)
Income tax expense							(61)
Net loss for the year							(996)

The costs of the holding company, which are included above as unallocated, are in respect of the business in China and costs incurred in respect of that business.

8 SEGMENT REPORTING (continued)

The costs of the holding company, which are included above as unallocated, are in respect of the business in China and costs incurred in respect of that business.

Oriental Technologies Investment Limited only manufactures lead acid batteries in China, so a split between segmental depreciation, assets and liabilities is not deemed necessary as all the risks and returns arising from the carrying amounts of assets and liabilities only apply to this one geographic segment, China.

Assets and Liabilities by Country

	China		Australia		Consolidated	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Assets	41,483	37,244	1,108	1,591	42,591	38,835
Liabilities	(25,769)	(21,029)	(136)	(47)	(25,905)	(21,076)
Net Assets	<u>15,714</u>	<u>16,215</u>	<u>972</u>	<u>1,544</u>	<u>16,686</u>	<u>17,759</u>

Revenues from major customers

	2010		Consolidated		2009	
	\$'000	% of total revenue	\$'000	% of total revenue	\$'000	% of total revenue
Two major customers (2009 three major customers)	8,026	12.6	8,666	20.4	7,040	10.9
	-	-	4,456	10.5	-	-
	<u>15,066</u>	<u>23.6</u>	<u>17,769</u>	<u>41.8</u>		

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 30th June 2010.

9 PROPERTY, PLANT AND EQUIPMENT

	Consolidated Entity	
	2010	2009
	\$'000	\$'000
<i>Land usage rights</i>		
At cost	1,032	1,133
Accumulated depreciation	(172)	(161)
	<u>860</u>	<u>972</u>
<i>Buildings - Leasehold</i>		
At cost	5,893	6,467
Accumulated depreciation	(1,389)	(1,229)
	<u>4,504</u>	<u>5,238</u>
Total land and buildings	<u>5,364</u>	<u>6,210</u>
<i>Plant and equipment</i>		
At cost	18,853	19,452
Accumulated depreciation & impairment	(8,049)	(6,724)
	<u>10,804</u>	<u>12,728</u>
Plant and equipment under construction	558	107
Total plant and equipment	<u>11,362</u>	<u>12,835</u>
Total non-current property, plant and equipment	<u>16,726</u>	<u>19,045</u>
<i>Total land Usage Rights</i>		
Carrying amount at beginning of financial year	972	1,297
Depreciation	(23)	(27)
Effect of movement in foreign exchange	(89)	(298)
Carrying amount at end of financial year	<u>860</u>	<u>972</u>
<i>Total Buildings - Leasehold</i>		
Carrying amount at beginning of financial year	5,238	6,993
Additions	-	-
Disposals	-	(15)
Depreciation	(282)	(330)
Effect of movement in foreign exchange	(452)	(1,548)
Reclassification from construction in progress	-	138
Carrying amount at end of financial year	<u>4,504</u>	<u>5,238</u>
<i>Total Plant & Equipment</i>		
Carrying amount at beginning of financial year	12,728	17,925
Additions	1,227	1,109
Disposals	(2)	(54)
Depreciation	(2,041)	(2,373)
Impairment	(66)	-
Effect of movement in foreign exchange	(1,092)	(3,879)
Reclassification from construction in progress	50	-
Carrying amount at end of financial year	<u>10,804</u>	<u>12,728</u>
<i>Total Construction in Progress</i>		
Carrying amount at beginning of financial year	107	73
Additions	533	194
Effect of movement in foreign exchange	(32)	(22)
Reclassification to buildings leasehold	-	(138)
Reclassification to plant & equipment	(50)	-
Carrying amount at end of financial year	<u>558</u>	<u>107</u>

10 ISSUED CAPITAL

	2010	\$'000	2009	\$'000
	Number of Shares		Number of Shares	
Share capital				
Ordinary shares – no par value				
Fully paid and authorised	126,361,087	28,556	126,361,087	28,556
	<u>126,361,087</u>	<u>28,556</u>	<u>126,361,087</u>	<u>28,556</u>

Movements in ordinary share capital

Date	Details	Number of shares	\$'000
1 st Jan 2009	Opening balance	126,361,087	28,556
31 st Dec 2009	Closing balance	<u>126,361,087</u>	<u>28,556</u>
1 st Jan 2010	Opening balance	<u>126,361,087</u>	<u>28,556</u>
31 st Dec 2010	Closing balance	<u>126,361,087</u>	<u>28,556</u>

11 SHARE-BASED PAYMENTS

	Consolidated Entity		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
There were no share-based payment expenses recognised during the financial year (2009 \$Nil)				
Opening balance 1 st Jan	420,000	420,000	420,000	420,000
Closing balance 31 st Dec	<u>420,000</u>	<u>420,000</u>	<u>420,000</u>	<u>420,000</u>

Details of options outstanding during the financial year are as follows:

2010						
Grant date	Exercise date	Exercise price	Balance at beginning of year	Expired during the year	Balance at end of year	Exercisable at end of year
Series 2 Options						
18 th May 2005	5 years ending 17 th May 2010	9.9 cents per share	200,000	200,000	-	-
Series 3 Options						
16 th November-2007	5 years ending 15 th November 2012	7.0 cents per share	10,500,000	-	10,500,000	10,500,000
Total			<u>10,700,000</u>	<u>200,000</u>	<u>10,500,000</u>	<u>10,500,000</u>
Weighted average exercise price			7.1 cents per share		7.0 cents per share	7.0 cents per share

11 SHARE-BASED PAYMENTS (continued)

2009 Grant date	Exercise date	Exercise price	Balance at beginning of year	Balance at end of year	Exercisable at end of year
Series 2 Options					
18 th May 2005	5 years ending 17 th May 2010	9.9 cents per share	200,000	200,000	200,000
Series 3 Options					
16 th November-2007	5 years ending 15 th November 2012	7.0 cents per share	10,500,000	10,500,000	10,500,000
Total			<u>10,700,000</u>	<u>10,700,000</u>	<u>10,700,000</u>
Weighted average exercise price			7.1 cents per share	7.1 cents per share	7.1 cents per share

The weighted average share price at the date of exercise of the options was 7.0 cents for the year ended 31st December 2010 (2009: 7.1 cents).

The weighted average remaining contractual life of share options outstanding at 31st December 2010 was 1 year and 10 months (2009: 2 years 10 months).

Fair value of options granted

The fair value of options at grant date was determined using a Black-Scholes option pricing model that takes into account the share price at grant date, exercise price, expected volatility, option life, expected dividends, the risk free rate, vesting and performance criteria, the impact of dilution, the fact that the options are not tradeable. The inputs used for the Black-Scholes option pricing model for options granted during the year ended 31st December 2007 were as follows:

	Series 3 options
Weighted average fair value	4.00 cents
Grant date	16 th November 2007
Share price at grant date	7.0 cents
Exercise price	7.0 cents
Expected volatility	60.0%
Expected dividend yield	Nil%
Risk free interest rate	6.27%

Series 3 options were granted for no consideration; have a 5 year life; and are exercisable commencing the grant date

Expected volatility was determined based on the historic volatility (based on the remaining life of the option), adjusted for any expected changes to future volatility based on publicly available information.

12 SUBSEQUENT EVENTS

The Directors are not aware of any matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the Group's operations, the results of these operations or the Group's state of affairs in future financial years.

13 DETAILS OF DIVIDEND OR DISTRIBUTION REINVESTMENT PLANS IN OPERATION

There is not a dividend or distribution reinvestment plan in operation.

14 REVIEW OF OPERATIONS AND OUTLOOK

The Company is pleased to report its results for the 2010 year.

Consolidated net loss for the year ended 31st December 2010 attributable to the members of OTI was \$23,000 (2009 \$790,000).

Consolidated revenue for 2010 totalled \$64.5 million, an increase of 49 % over the previous year (2009 \$43.4 million).

Business has recovered during 2010 from the shadow of the global financial crisis, but the challenge is still in front of us. Inflation in China is inevitable for 2011, which will result in cost increases for all production materials.

An appreciation of China's currency is also predicted, which will have a negative impact on export sales.

However, opportunities for our business still exist and chasing business profit is again an early task for 2011.

Management is confident of achieving its 2011 budget.

15 OTHER INFORMATION REGARDING THESE ACCOUNTS

These accounts are in the process of being audited.