

## 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 31<sup>st</sup> December 2011

Previous Reporting Period: Year ended 31<sup>st</sup> December 2010

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key Information	Year ended 31 December		
	2011 \$000	2010 \$000	Movement %
Revenue from ordinary activities	88,653	64,494	38
Profit from ordinary activities after income tax attributable to members	1,365	78	1,650
Net profit for the period attributable to members	1,365	78	1,650

Dividends	Amount per security	Franked amount per security at 30%	Total
	\$	\$	\$
<b>Final</b>			
2011 final dividend	Nil	Nil	Nil
2010 final dividend	Nil	Nil	Nil
<b>Interim</b>			
2011 interim dividend	Nil	Nil	Nil
2010 interim dividend	Nil	Nil	Nil

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

### Explanation

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

PRELIMINARY FINAL REPORT  
ORIENTAL TECHNOLOGIES INVESTMENT LIMITED ABN 13 060 266 248  
31<sup>st</sup> DECEMBER 2011

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ORIENTAL TECHNOLOGIES INVESTMENT LIMITED ABN 13 060 266 248

31<sup>st</sup> DECEMBER 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2011

	Note	2011 \$'000	2010 \$'000
Revenue	4	88,262	63,905
Other income	5	391	589
		<u>88,653</u>	<u>64,494</u>
Changes in inventories of finished goods and work in progress		(5,810)	4,033
Raw materials and consumables used		(69,726)	(59,962)
Employee benefits expense		(4,474)	(3,448)
Amortisation, depreciation and impairment expense	6	(2,316)	(2,412)
Borrowing costs	6	(1,316)	(907)
Other expenses	6	(1,144)	(1,084)
Profit before income tax		<u>3,867</u>	<u>714</u>
Income tax expense		(1,048)	(116)
<b>Profit from continuing operations</b>		<u>2,819</u>	<u>598</u>
Other comprehensive income			
Foreign currency translation profit / (loss)		559	(1,468)
Total comprehensive income for the year		<u>3,378</u>	<u>(870)</u>
Profit from continuing operations attributable to:			
Members of the parent		1,365	78
Non-controlling interest		1,454	520
		<u>2,819</u>	<u>598</u>
Total comprehensive income attributable to:			
Members of the parent		1,652	(738)
Non-controlling interest		1,726	(132)
		<u>3,378</u>	<u>(870)</u>
		Cents	Cents
Earnings per share from continuing operations attributable to members of the parent			
Basic earnings per share		1.1	0.1
Diluted earnings per share		<u>1.1</u>	<u>0.1</u>

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ORIENTAL TECHNOLOGIES INVESTMENT LIMITED ABN 13 060 266 248

31<sup>st</sup> DECEMBER 2011

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31<sup>st</sup> DECEMBER 2011

	Note	2011 \$'000	2010 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	9,002	4,472
Trade and other receivables		11,449	7,854
Inventories		7,725	13,535
Other investments, including derivatives		-	4
<b>Total current assets</b>		<b>28,176</b>	<b>25,865</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	18,169	16,726
<b>Total assets</b>		<b>46,345</b>	<b>42,591</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables, including derivatives		6,013	9,461
Short-term borrowings		20,114	16,414
Provisions		494	30
<b>Total current liabilities</b>		<b>26,621</b>	<b>25,905</b>
<b>Non-current liabilities</b>			
		-	-
<b>Total liabilities</b>		<b>26,621</b>	<b>25,905</b>
<b>Net assets</b>		<b>19,724</b>	<b>16,686</b>
<b>EQUITY</b>			
Issued capital	10	28,556	28,556
Reserves		640	179
Accumulated Losses		(18,178)	(19,369)
<b>Total equity attributable to equity holders of the Company</b>		<b>11,018</b>	<b>9,366</b>
Non-controlling interest		8,706	7,320
<b>Total equity</b>		<b>19,724</b>	<b>16,686</b>
		Cents	Cents
Net tangible assets per share		15.6	13.2

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ORIENTAL TECHNOLOGIES INVESTMENT LIMITED ABN 13 060 266 248

31<sup>st</sup> DECEMBER 2011

CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2011

	Note	2011	2010
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		83,720	62,066
Cash paid to suppliers and employees		(77,466)	(60,758)
Interest received		96	85
Finance costs		(1,316)	(907)
Income taxes paid		(586)	(86)
<b>Net cash inflow from operating activities</b>		<u>4,448</u>	<u>400</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(3,195)	(1,760)
Proceeds from sale of property, plant and equipment		92	2
<b>Net cash outflow from investing activities</b>		<u>(3,103)</u>	<u>(1,758)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		3,094	984
Dividend paid to non-controlling interests		(367)	-
<b>Net cash inflow from financing activities</b>		<u>2,727</u>	<u>984</u>
Net increase / (decrease) in cash and cash equivalents		4,072	(374)
Net foreign exchange differences		458	231
Cash and cash equivalents at beginning of year		4,472	4,615
<b>Cash at the end of the financial year</b>	7	<u>9,002</u>	<u>4,472</u>

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ORIENTAL TECHNOLOGIES INVESTMENT LIMITED ABN 13 060 266 248

31<sup>st</sup> DECEMBER 2011

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2011

	Issued Capital	Accumulated Losses	Other Reserves	Total	Non- controlling Interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CONSOLIDATED ENTITY</b>						
<b>At 1<sup>st</sup> January 2010</b>	28,556	(19,341)	889	10,104	7,472	17,576
Profit for the year ended 31 <sup>st</sup> December 2010	-	78	-	78	520	598
Foreign currency translation differences	-	-	(816)	(816)	(672)	(1,488)
Transfer between reserves	-	(106)	106	-	-	-
<b>At 31<sup>st</sup> December 2010</b>	<b>28,556</b>	<b>(19,369)</b>	<b>179</b>	<b>9,366</b>	<b>7,320</b>	<b>16,686</b>
<b>At 1<sup>st</sup> January 2011</b>	28,556	(19,369)	179	9,366	7,320	16,686
Profit for the year ended 31 <sup>st</sup> December 2011	-	1,365	-	1,365	1,454	2,819
Foreign currency translation differences	-	-	287	287	299	586
Transfer between reserves	-	(174)	174	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	(367)	(367)
<b>At 31<sup>st</sup> December 2011</b>	<b>28,556</b>	<b>(18,178)</b>	<b>640</b>	<b>11,018</b>	<b>8,706</b>	<b>19,724</b>

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ORIENTAL TECHNOLOGIES INVESTMENT LIMITED ABN 13 060 266 248

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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	
	2011	2010
	\$'000	\$'000
Sale of goods	87,719	62,745
Sale of scrap	447	1,075
Interest income	96	85
	<u>88,262</u>	<u>63,905</u>

5 OTHER INCOME

Foreign currency gain	343	574
Gain on disposal of Property, Plant and Equipment	25	-
Net gain on financial assets at fair value	23	5
Other	-	10
	<u>391</u>	<u>589</u>

## 6 EXPENSES

	Consolidated Entity	
	2011	2010
	\$'000	\$'000
<i>Amortisation, depreciation and Impairment expense</i>		
Land usage right amortisation	22	23
Buildings depreciation	274	282
Plant and equipment		
Depreciation	2,027	2,041
Impairment (benefit) / expense	(7)	66
	<u>2,316</u>	<u>2,412</u>
Employee benefits (including defined contribution superannuation expense)	<u>4,474</u>	<u>3,448</u>
Defined contribution superannuation expense	<u>12</u>	<u>12</u>
<i>Finance Costs</i>		
Interest paid/payable	<u>1,316</u>	<u>907</u>
<i>Other Expenses:</i>		
Technical and advisory fees	150	150
Consultancy fees	21	39
General & administrative costs	949	771
Foreign currency loss	-	34
Bad debt written off	1	90
Other expenses	23	-
	<u>1,144</u>	<u>1,084</u>

## 7 CASH AND CASH EQUIVALENTS

Cash at bank and in hand	<u>9,002</u>	<u>4,472</u>
	Per annum	Per annum
	%	%
Interest rates on cash at bank and in hand	<u>1.4</u>	<u>1.9</u>



## 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 – People's Republic of China (**PRC**), Europe, Middle East and Australia. The composition of each geographical segment is as follows:

- (i) China – a People's Republic of China entity (Yangzhou Apollo Battery Company Limited) controlled by Oriental Technologies Investment Limited operates a lead acid battery manufacturing plant in the PRC and makes local sales.
- (ii) 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

2011	Europe	Australia	PRC	Middle East	Other	Total continuing operations	Inter-segment elimination/ Unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>								
Sales to external customers	24,933	8,903	38,098	10,289	5,496	87,719	447	88,166
Total sales revenue	24,933	8,903	38,098	10,289	5,496	87,719	447	88,166
Other revenue/income	-	-	-	-	-	-	487	487
Total segment revenue/income	24,933	8,903	38,098	10,289	5,496	87,719	934	88,653
<b>Result</b>								
Segment result								
Profit before income tax	1,590	568	2,430	656	351	5,595	(1,728)	3,867
Income tax expense								(1,048)
Net profit for the year								2,819

## 8 SEGMENT REPORTING (continued)

## Primary reporting format - Geographical segments

2010	Europe	Australia	PRC	Middle East	Other	Total continuing operations	Inter-segment elimination/Unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>								
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
<b>Result</b>								
Segment result	3,070	974	1,916	491	398	6,849	(6,135)	714
Profit before income tax								714
Income tax expense								(116)
Net profit for the year								598

The Chief Operating Decision Maker (CODM) is Dr Xinsheng Wang, Managing Director.

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

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

Oriental Technologies Investment Limited only manufactures lead acid batteries in the PRC, 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, the PRC.

## 8 SEGMENT REPORTING (continued)

## Assets and Liabilities by Country

	PRC		Australia		Consolidated	
	2011	2010	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets	45,375	41,483	970	1,108	46,345	42,591
Liabilities	(26,573)	(25,769)	(48)	(136)	(26,621)	(25,905)
Net Assets	<u>18,802</u>	<u>15,714</u>	<u>922</u>	<u>972</u>	<u>19,724</u>	<u>16,686</u>

## Revenues from major customers

At 31 December 2011, the Group has a concentration of credit risks of 27% (2010 29%) and 73% (2010 78%) of total trade receivables, respectively made up of the Group's largest customer and five largest customers. Credit evaluations and monitoring on settlement are performed on these customers.

Since 30<sup>th</sup> June 2011, there have been no changes to the basis of segmentation or the measurement basis for the segment profit.

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31<sup>st</sup> DECEMBER 2011

9 PROPERTY, PLANT AND EQUIPMENT

	Consolidated Entity	
	2011	2010
	\$'000	\$'000
<i>Land usage rights</i>		
At cost	1,071	1,032
Accumulated depreciation	(200)	(172)
	<u>871</u>	<u>860</u>
<i>Buildings - Leasehold</i>		
At cost	6,111	5,893
Accumulated depreciation	(1,720)	(1,389)
	<u>4,391</u>	<u>4,504</u>
Total land and buildings	<u>5,262</u>	<u>5,364</u>
<i>Plant and equipment</i>		
At cost	22,802	18,853
Accumulated depreciation & impairment	(10,150)	(8,049)
	<u>12,652</u>	<u>10,804</u>
Plant and equipment under construction	255	558
Total plant and equipment	<u>12,907</u>	<u>11,362</u>
Total non-current property, plant and equipment	<u><u>18,169</u></u>	<u><u>16,726</u></u>

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31<sup>st</sup> DECEMBER 2011

## 9 PROPERTY, PLANT AND EQUIPMENT (continued)

	Consolidated Entity	
	2011	2010
	\$'000	\$'000
<i>Total land Usage Rights</i>		
Carrying amount at beginning of financial year	860	972
Depreciation	(22)	(23)
Effect of movement in foreign exchange	33	(89)
Carrying amount at end of financial year	<u>871</u>	<u>860</u>
<i>Total Buildings - Leasehold</i>		
Carrying amount at beginning of financial year	4,504	5,238
Depreciation	(274)	(282)
Effect of movement in foreign exchange	161	(452)
Carrying amount at end of financial year	<u>4,391</u>	<u>4,504</u>
<i>Total Plant &amp; Equipment</i>		
Carrying amount at beginning of financial year	10,804	12,728
Additions	1,443	1,227
Disposals	(67)	(2)
Depreciation	(2,027)	(2,041)
Impairment	7	(66)
Effect of movement in foreign exchange	425	(1,092)
Reclassification from construction in progress	2,067	50
Carrying amount at end of financial year	<u>12,652</u>	<u>10,804</u>
<i>Total Construction in Progress</i>		
Carrying amount at beginning of financial year	558	107
Additions	1,749	533
Effect of movement in foreign exchange	15	(32)
Reclassification to plant & equipment	(2,067)	(50)
Carrying amount at end of financial year	<u>255</u>	<u>558</u>

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31<sup>st</sup> DECEMBER 2011

10 ISSUED CAPITAL

	2011		2010	
	Number of Shares	\$'000	Number of Shares	\$'000
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 <sup>st</sup> Jan 2010	Opening balance	126,361,087	28,556
31 <sup>st</sup> Dec 2010	Closing balance	<u>126,361,087</u>	<u>28,556</u>
1 <sup>st</sup> Jan 2011	Opening balance	<u>126,361,087</u>	<u>28,556</u>
31 <sup>st</sup> Dec 2011	Closing balance	<u>126,361,087</u>	<u>28,556</u>

11 SHARE-BASED PAYMENTS

	Consolidated Entity		Parent Entity	
	2011	2010	2011	2010
	\$	\$	\$	\$
There were no share-based payment expenses recognised during the financial year (2010 \$Nil)				
Opening balance 1 <sup>st</sup> Jan	420,000	420,000	420,000	420,000
Closing balance 31 <sup>st</sup> Dec	<u>420,000</u>	<u>420,000</u>	<u>420,000</u>	<u>420,000</u>

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11 SHARE-BASED PAYMENTS (continued)

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

	Group	
	2011	2010
	Number	Number
<b>Series 2 Options</b>		
Grant date 18 <sup>th</sup> May 2005		
Exercise period 5 years ended 17 <sup>th</sup> May 2010		
Exercise price 9.9 cents per share		
Balance at beginning of year	-	200,000
Expired during year	-	(200,000)
Balance at end of year	-	-
Exercisable at end of year	-	-
 <b>Series 3 Options</b>		
Grant date 16 <sup>th</sup> November 2007		
Exercise period 5 years ended 15 <sup>th</sup> November 2012		
Exercise price 7.0 cents per share		
Balance at beginning of year	10,500,000	10,500,000
Balance at end of year	10,500,000	10,500,000
Exercisable at end of year	10,500,000	10,500,000
 <b>Total Options</b>		
	<b>Weighted average exercise price</b>	
	2011	2010
	Cents per Share	Cents per Share
Balance at beginning of year	7.0	7.1
Expired during year		-
Balance at end of year	7.0	7.0
Exercisable at end of year	7.0	7.0
	10,500,000	10,700,000
	-	(200,000)
	10,500,000	10,500,000
	10,500,000	10,500,000

The weighted average share price at the date of exercise of the options was 7.0 cents for the year ended 31<sup>st</sup> December 2011 (2010: 7.0 cents). The weighted average remaining contractual life of share options outstanding at 31<sup>st</sup> December 2011 was 10 months (2010: 1 year 10 months).

11 SHARE-BASED PAYMENTS (continued)

(i). **Series 2 Options Employee option plan**

The Orientech Employee Share Option Plan was approved on 6<sup>th</sup> January 1998 by shareholders. Each employee share option is convertible into one ordinary fully paid share. Each ordinary fully paid share issued as a result of an employee converting an employee share option will rank pari passu with all existing ordinary fully paid shares.

The exercise price for each employee share option shall not be less than the greater of:

- (a) Five cents (\$0.05) for each share; and
- (b) The share market price as at the option issue date less a discount of up to but not exceeding 5% of the market price, where the discount shall be determined by the Directors.

The share market price on a particular day is the weighted average sale price of shares for the five most recent transaction days preceding that particular day.

An employee share option will terminate and cannot be exercised after the date the holder ceases to be an employee or director, unless otherwise determined by Directors.

Employee share options may not be sold transferred or assigned; except to a legal personal representative of the option holder.

All shares allotted to option holders on the exercise of employee share options will be adjusted to be consistent with changes to the share structure and rank pari-passu with all other shares on issue at the date of allotment.

(ii). **Fair value of Series 3 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 31<sup>st</sup> December 2007 were as follows:

**Series 3 options**

Weighted average fair value	4.00 cents
Grant date	16 <sup>th</sup> 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

### 2011 Results

The Company is pleased to report its results for the 2011 year.

Consolidated net profit for the year ended 31<sup>st</sup> December 2011 attributable to the members of OTI was \$1,365,000 (2010 \$78,000).

Consolidated revenue for 2011 totalled \$88.7 million, an increase of 38% over the previous year (2010 \$64.5 million).

### Environmental Regulations

Amid the PRC Government's increased enforcement of environmental law, 2011 was a challenging year for Apollo's battery manufacturing business.

Nearly two-thirds of PRC battery manufacturers have been affected by the increased enforcement.

Many battery manufacturers have either been:

- Temporarily shut down, to renovate and comply with tough new environmental regulations; or
- Permanently shut down.

Apollo was inspected by various representatives from the PRC Government's State Environment Protection Administration (SEPA), and achieved re-approval without interference to production.

Environmental re-approval and shut-down of Apollo's competitors assisted Apollo's business to significantly increase domestic sales, and achieve annual sales and profit targets.

## 2012 Outlook

2012 is expected to be another difficult year for Apollo's business.

Firstly, the PRC Government is proposing to implement new environmental regulations which are tougher than previous regulations. These changes are expected to increase Apollo's production costs.

Secondly, a labour shortage and increased labour costs are expected to further increase production costs.

Thirdly, Apollo's export business, which accounts for about 57% of total sales, is expected to be affected by weakening demand in Apollo's traditional European market.

Fourthly, sales in US dollars to non-European export markets are facing pressure from Korean producers because of continuous appreciation of Chinese Renminbi.

Fifthly, larger domestic market producers have very quickly caught up with market opportunities, by releasing extra production capacity and increasing market share. Apollo's production capacity is heavily utilised and it is getting harder to compete with major players by further increasing production.

Apollo is expected to achieve full production capacity during 2012 and is further preparing to fully utilise its product and market flexibility to further increase domestic sales.

Management is still confident of achieving budget for the 2012 year.

## 15 OTHER INFORMATION REGARDING THESE ACCOUNTS

These accounts are in the process of being audited.