

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 2012

Previous Reporting Period: Year ended 31<sup>st</sup> December 2011

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

**Key Information**

	Year ended 31 December		Movement %
	2012 \$000	2011 \$000	
Revenue from ordinary activities	69,908	88,653	(21)
Profit from ordinary activities after income tax attributable to members	808	1,365	(41)
Net profit for the period attributable to members	808	1,365	(41)

**Dividends**

	Amount per security Cents	Franked amount per security at 30% Cents	Total Cents
<b>Final</b>			
2012 final dividend	Nil	Nil	Nil
2011 final dividend	Nil	Nil	Nil
<b>Interim</b>			
2012 interim dividend (paid 7 <sup>th</sup> December 2012)	0.5	Nil	0.5
2011 interim dividend	Nil	Nil	Nil

It is not proposed to pay a 2012 final dividend 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.

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2012**

	Note	2012 \$'000	2011 \$'000
Revenue	4	69,359	88,262
Other income	5	549	391
		<u>69,908</u>	<u>88,653</u>
Changes in inventories of finished goods and work in progress		1,785	(5,810)
Raw materials and consumables used		(58,837)	(69,726)
Employee benefits expense		(4,434)	(4,474)
Amortisation, depreciation and impairment expense	6	(2,669)	(2,316)
Borrowing costs	6	(1,225)	(1,316)
Other expenses	6	(1,201)	(1,144)
Profit before income tax		<u>3,327</u>	<u>3,867</u>
Income tax expense		(1,303)	(1,048)
<b>Profit from continuing operations</b>		<u>2,024</u>	<u>2,819</u>
Other comprehensive income			
Foreign currency translation (loss) / profit		(159)	559
Total comprehensive income for the year		<u>1,865</u>	<u>3,378</u>
Profit from continuing operations attributable to:			
Members of the parent		808	1,365
Non-controlling interest		1,216	1,454
		<u>2,024</u>	<u>2,819</u>
Total comprehensive income attributable to:			
Members of the parent		745	1,652
Non-controlling interest		1,120	1,726
		<u>1,865</u>	<u>3,378</u>
		Cents	Cents
Earnings per share from continuing operations attributable to members of the parent			
Basic earnings per share		0.6	1.1
Diluted earnings per share		<u>0.6</u>	<u>1.0</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31<sup>st</sup> DECEMBER 2012**

	Note	2012 \$'000	2011 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	7,628	9,002
Trade and other receivables		9,413	11,449
Inventories		9,510	7,725
<b>Total current assets</b>		<b>26,551</b>	<b>28,176</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	17,113	18,169
Security Deposit		120	-
<b>Total non-current assets</b>		<b>17,233</b>	<b>18,169</b>
<b>Total assets</b>		<b>43,784</b>	<b>46,345</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables, including derivatives		5,228	6,013
Short-term borrowings		18,057	20,114
Current tax liability		357	494
<b>Total current liabilities</b>		<b>23,642</b>	<b>26,621</b>
<b>Non-current liabilities</b>			
		-	-
<b>Total liabilities</b>		<b>23,642</b>	<b>26,621</b>
<b>Net assets</b>		<b>20,142</b>	<b>19,724</b>
<b>EQUITY</b>			
Issued capital	10	28,556	28,556
Reserves		728	640
Accumulated Losses		(18,155)	(18,178)
<b>Total equity attributable to equity holders of the Company</b>		<b>11,129</b>	<b>11,018</b>
Non-controlling interest		9,013	8,706
<b>Total equity</b>		<b>20,142</b>	<b>19,724</b>
		<b>Cents</b>	<b>Cents</b>
Net tangible assets per share		15.9	15.6

**CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2012**

	Note	2012 \$'000	2011 \$'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		71,251	83,720
Cash paid to suppliers and employees		(64,822)	(77,466)
Interest received		97	96
Finance costs		(1,225)	(1,316)
Income taxes paid		(1,434)	(586)
<b>Net cash inflow from operating activities</b>		<u>3,867</u>	<u>4,448</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(1,813)	(3,195)
Payment for security deposit		(120)	-
Proceeds from sale of property, plant and equipment		13	92
<b>Net cash outflow from investing activities</b>		<u>(1,920)</u>	<u>(3,103)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	3,094
Repayment of borrowings		(1,836)	-
Dividend paid to non-controlling interests		(1,439)	(367)
<b>Net cash inflow from financing activities</b>		<u>(3,275)</u>	<u>2,727</u>
Net (decrease) / increase in cash and cash equivalents		(1,328)	4,072
Net foreign exchange differences		(46)	458
Cash and cash equivalents at beginning of year		9,002	4,472
<b>Cash at the end of the financial year</b>	7	<u><u>7,628</u></u>	<u><u>9,002</u></u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2012**

	Issued Capital	Accumulated Losses	Other Reserves	Total	Non- controlling Interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</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	-	-	-	-	(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>
<b>At 1<sup>st</sup> January 2012</b>	28,556	(18,178)	640	11,018	8,706	19,724
Profit for the year ended 31 <sup>st</sup> December 2012	-	808	-	808	1,216	2,024
Foreign currency translation differences	-	-	(65)	(65)	(102)	(167)
Transfer between reserves	-	(153)	153	-	-	-
Dividends paid	-	(632)	-	(632)	(807)	(1,439)
<b>At 31<sup>st</sup> December 2012</b>	<b>28,556</b>	<b>(18,155)</b>	<b>728</b>	<b>11,129</b>	<b>9,013</b>	<b>20,142</b>

**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**

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Sale of goods	69,021	87,719
Sale of scrap	238	447
Other sales	1	-
Interest income	99	96
	<u>69,359</u>	<u>88,262</u>

**5 OTHER INCOME**

Foreign currency gain	535	343
Gain on disposal of Property, Plant and Equipment	6	25
Net gain on financial assets at fair value	-	23
Other	8	-
	<u>549</u>	<u>391</u>

**6 EXPENSES**

	Group	
	2012	2011
	\$'000	\$'000
<i>Amortisation, depreciation and Impairment expense</i>		
Land usage right amortisation	22	22
Buildings depreciation	280	274
Plant and equipment		
Depreciation	2,374	2,027
Impairment benefit	(7)	(7)
	<u>2,669</u>	<u>2,316</u>
Employee benefits (including defined contribution superannuation expense)	<u>4,434</u>	<u>4,474</u>
Defined contribution superannuation expense	<u>12</u>	<u>12</u>
<i>Finance Costs</i>		
Interest paid/payable	<u>1,225</u>	<u>1,316</u>
<i>Other Expenses:</i>		
Technical and advisory fees	163	150
Consultancy fees	70	21
General & administrative costs	864	949
Foreign currency loss	76	-
Bad debt expense including impairment	28	1
Other expenses	-	23
	<u>1,201</u>	<u>1,144</u>

**7 CASH AND CASH EQUIVALENTS**

Cash at bank and in hand	7,628	9,002
	<u>Per annum</u>	<u>Per annum</u>
	%	%
Interest rates on cash at bank and in hand	<u>1.2</u>	<u>1.4</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, 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 People's Republic of China 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**

2012	Europe	Australia	People's Republic of China	Middle East	Other	Total continuing operations	Inter-segment elimination/ Unallocated	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>								
Sales to external customers	10,852	5,989	43,457	5,092	3,631	69,021	239	69,260
Total sales revenue	10,852	5,989	43,457	5,092	3,631	69,021	239	69,260
Other revenue/income	-	-	-	-	-	-	648	648
Total segment revenue/income	10,852	5,989	43,457	5,092	3,631	69,021	887	69,908
<b>Result</b>								
Segment result								
Profit before income tax	787	434	3,151	369	263	5,004	(1,677)	3,327
Income tax expense								(1,303)
Net profit for the year								2,024

**8 SEGMENT REPORTING (continued)****Primary reporting format - Geographical segments****2011**

	Europe	Australia	People's Republic of China	Middle East	Other	Total continuing operations	Inter- segment elimination/ Unallocated	Group
	\$'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

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 People's Republic of China 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 People's Republic of China and costs incurred in respect of that business.

Oriental Technologies Investment Limited only manufactures lead acid batteries in the People's Republic of 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, the People's Republic of China.

**8 SEGMENT REPORTING (continued)****Assets and Liabilities by Country**

	China		Australia		Group	
	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets	43,105	45,375	679	970	43,784	46,345
Liabilities	(23,606)	(26,573)	(36)	(48)	(23,642)	(26,621)
Net Assets	<b>19,499</b>	18,802	<b>643</b>	922	<b>20,142</b>	19,724

**Revenues from major customers**

At 31 December 2012, the Group has a concentration of credit risks totalling 19% (2011: 27%) and 54% (2011: 73%) of the total trade receivables made up by the Group's outstanding balances respectively owed by the largest and five largest customers.

Credit evaluations and monitoring on settlement are performed on these customers.

Since 30<sup>th</sup> June 2012, there have been no changes to the basis of segmentation or the measurement basis for the segment profit.

## 9 PROPERTY, PLANT AND EQUIPMENT

	Group	
	2012	2011
	\$'000	\$'000
<i>Land usage rights</i>		
At cost	1,059	1,071
Accumulated depreciation	(220)	(200)
	839	871
<i>Buildings - Leasehold</i>		
At cost	6,103	6,111
Accumulated depreciation	(1,979)	(1,720)
	4,124	4,391
Total land and buildings	4,963	5,262
<i>Plant and equipment</i>		
At cost	24,430	22,802
Accumulated depreciation & impairment	(12,391)	(10,150)
	12,039	12,652
Plant and equipment under construction	111	255
Total plant and equipment	12,150	12,907
Total non-current property, plant and equipment	17,113	18,169

## 9 PROPERTY, PLANT AND EQUIPMENT (continued)

	Group	
	2012	2011
	\$'000	\$'000
<i>Total land Usage Rights</i>		
Carrying amount at beginning of financial year	871	860
Depreciation	(22)	(22)
Effect of movement in foreign exchange	(10)	33
Carrying amount at end of financial year	839	871
<i>Total Buildings - Leasehold</i>		
Carrying amount at beginning of financial year	4,391	4,504
Depreciation	(280)	(274)
Effect of movement in foreign exchange	(46)	161
Reclassification from construction in progress	59	-
Carrying amount at end of financial year	4,124	4,391
<i>Total Plant &amp; Equipment</i>		
Carrying amount at beginning of financial year	12,652	10,804
Additions	1,649	1,443
Disposals	(6)	(67)
Depreciation	(2,374)	(2,027)
Impairment benefit	7	7
Effect of movement in foreign exchange	(134)	425
Reclassification from construction in progress	245	2,067
Carrying amount at end of financial year	12,039	12,652
<i>Total Construction in Progress</i>		
Carrying amount at beginning of financial year	255	558
Additions	163	1,749
Effect of movement in foreign exchange	(3)	15
Reclassification to plant & equipment	(304)	(2,067)
Carrying amount at end of financial year	111	255

**10 ISSUED CAPITAL**

	2012		2011	
	Number of Shares	\$'000	Number of Shares	\$'000
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 2011	Opening balance	126,361,087	28,556
31 <sup>st</sup> Dec 2011	Closing balance	<u>126,361,087</u>	<u>28,556</u>
1 <sup>st</sup> Jan 2012	Opening balance	126,361,087	28,556
31 <sup>st</sup> Dec 2012	Closing balance	<u>126,361,087</u>	<u>28,556</u>

**11 OPTIONS OUTSTANDING**

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

Series 3 Options <sup>1</sup>	Weighted average exercise price		2012 Number	2011 Number
	2012 Cents per Share	2011 Cents per Share		
Balance at 1 <sup>st</sup> January	7.0	7.0	10,500,000	10,500,000
Expired during year	(7.0)	-	(10,500,000)	-
Balance at 31 <sup>st</sup> December	-	7.0	-	10,500,000
Exercisable at 31 <sup>st</sup> December	-	7.0	-	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 2012 (2011: 7.0 cents). The weighted average remaining contractual life of share options outstanding at 31<sup>st</sup> December 2012 was nil months (2011: 10 months).

<sup>1</sup> 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 ordinary fully paid share.

## 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

### 2012 Results

The Company is pleased to report its results for the 2012 year.

Consolidated net profit for the year ended 31<sup>st</sup> December 2012 attributable to the members of OTI was \$808,000 (2011 \$1,365,000).

Consolidated revenue for 2012 totalled \$69.9 million, a decrease of 21% from the previous year (2011 \$88.7 million).

### Review

As forecast at the beginning of 2012, the year ended 31<sup>st</sup> December 2012 was a difficult year for Yangzhou Apollo Battery Company Limited (YABC).

Firstly, the weak economy in Europe caused a significant decrease in sales to that market. Total actual export sales for the year ended 31<sup>st</sup> December 2012 was 37% lower than the previous year ended 31<sup>st</sup> December 2011.

Secondly, domestic sales were affected, particularly in the second half of 2012, by a slowing down of China's economy. The targeted domestic sales increase for the year ended 31<sup>st</sup> December 2012 was not achieved.

Thirdly, there was higher pressure by the Chinese Government on environmental issues. YABC had to renovate its facilities to match new environmental standards. New environmental regulations caused a number of small factories to close down and a few larger competitors took the opportunity to quickly expand their production. For these reasons, competition increased significantly.

Fortunately, compared to the previous year ended 31<sup>st</sup> December 2011, YABC successfully defended its profit margins during the year ended 31<sup>st</sup> December 2012.

#### **14 REVIEW OF OPERATIONS AND OUTLOOK (continued)**

##### **Outlook**

2013 is expected to be another difficult year for YABC's sales, both export and domestic.

New environmental rules by the Chinese Government are expected to be enforced and YABC will be required to comply with these new rules.

New non-European export sales markets, such as the Middle-East and South America, are expected to make a significant contribution to YABC's sales for the year ended 31<sup>st</sup> December 2013.

YABC's management is confident that YABC will achieve a 30% increase in export sales for the year ended 31<sup>st</sup> December 2013.

YABC has continued to expand its distribution network and the outlook for domestic sales is also positive.

#### **15 OTHER INFORMATION REGARDING THESE ACCOUNTS**

These accounts are in the process of being audited.