ASX 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 2013

Previous Reporting Period: Year ended 31st December 2012

RESULTS FOR ANNOUNCEMENT TO THE MARKET

| Key Information | Year ended 31 December | | |
|---|---|---|---|
| | 2013 | 2012 | Movement |
| | $000 | $000 | % |
| Revenue from ordinary activities | 59,676 | 69,908 | (15) |
| (Loss) / profit from ordinary activities after income tax attributable to members | (1,672) | 808 | (307) |
| Net (loss) / profit for the period attributable to members | (1,672) | 808 | (307) |

| Dividends | Amount per security | Franked amount per security at 30% | Total |
|---|---|---|---|
| | Cents | Cents | Cents |
| Final | | | |
| 2013 final dividend | Nil | Nil | Nil |
| 2012 final dividend | Nil | Nil | Nil |
| Interim | | | |
| 2013 interim dividend | Nil | Nil | Nil |
| 2012 fully paid un-franked interim dividend (paid 7th December 2012) | 0.5 | Nil | 0.5 |

It is not proposed to pay a 2013 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 16 to these financial statements.

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ASX APPENDIX 4E

ORIENTAL TECHNOLOGIES INVESTMENT LIMITED ABN 13 060 266 248

31st DECEMBER 2013

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 31st DECEMBER 2013

| | Note | 2013 | 2012 |
|---|---|---|---|
| | | $'000 | $'000 |
| Revenue | 4 | 59,650 | 69,359 |
| Other income | 5 | 26 | 549 |
| | | 59,676 | 69,908 |
| Changes in inventories of finished goods and work in progress | | 4,303 | 1,785 |
| Raw materials and consumables used | | (55,711) | (58,837) |
| Employee benefits expense | | (5,064) | (4,434) |
| Amortisation, depreciation and impairment expense | 6 | (3,048) | (2,669) |
| Borrowing costs | 6 | (1,275) | (1,225) |
| Other expenses | 6 | (1,372) | (1,201) |
| (Loss) / Profit before income tax | | (2,491) | 3,327 |
| Income tax benefit / (expense) | | 139 | (1,303) |
| (Loss) / Profit from continuing operations | | (2,352) | 2,024 |
| Other comprehensive income | | | |
| Foreign currency translation profit / (loss), net of tax | | 3,927 | (159) |
| Total comprehensive income for the year | | 1,575 | 1,865 |
| (Loss) / Profit from continuing operations attributable to: | | | |
| Members of the parent | | (1,672) | 808 |
| Non-controlling interest | | (680) | 1,216 |
| | | (2,352) | 2,024 |
| Total comprehensive income attributable to: | | | |
| Members of the parent | | 510 | 745 |
| Non-controlling interest | | 1,065 | 1,120 |
| | | 1,575 | 1,865 |
| | | Cents | Cents |
| (Losses) / Earnings per share from continuing operations attributable to members of the parent | | | |
| Basic earnings per share | | (1.3) | 0.6 |
| Diluted earnings per share | | (1.3) | 0.6 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31st DECEMBER 2013

| | Note | 2013 | 2012 |
|---|---|---|---|
| | | $'000 | $'000 |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 7 | 5,346 | 7,628 |
| Term Deposit | | 500 | - |
| Trade and other receivables | 8 | 13,173 | 9,413 |
| Inventories | | 13,813 | 9,510 |
| Total current assets | | 32,832 | 26,551 |
| Non-current assets | | | |
| Property, plant and equipment | 10 | 18,177 | 17,113 |
| Deferred tax asset | | 93 | - |
| Security deposit | | - | 120 |
| Total non-current assets | | 18,270 | 17,233 |
| Total assets | | 51,102 | 43,784 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 11 | 8,510 | 5,228 |
| Short-term borrowings | | 21,765 | 18,057 |
| Current tax liability | | - | 357 |
| Total current liabilities | | 30,275 | 23,642 |
| Non-current liabilities | | - | - |
| Total liabilities | | 30,275 | 23,642 |
| Net assets | | 20,827 | 20,142 |
| EQUITY | | | |
| Issued capital | 12 | 28,556 | 28,556 |
| Reserves | | 2,921 | 728 |
| Accumulated Losses | | (19,838) | (18,155) |
| Parent interest | | 11,639 | 11,129 |
| Non-controlling interest | | 9,188 | 9,013 |
| Total equity | | 20,827 | 20,142 |
| | | Cents | Cents |
| Net tangible assets per share | | 16.5 | 15.9 |

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31st DECEMBER 2013

| | Note | 2013 | 2012 |
|---|---|---|---|
| | | $'000 | $'000 |
| Cash flows from operating activities | | | |
| Cash receipts from customers | | 56,072 | 71,251 |
| Cash paid to suppliers and employees | | (61,473) | (64,822) |
| Interest received | | 53 | 97 |
| Finance costs | | (1,275) | (1,225) |
| Income taxes paid | | (295) | (1,434) |
| Net cash (outflow) / inflow from operating activities | | (6,918) | 3,867 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (708) | (1,813) |
| Payment for security deposit | | - | (120) |
| Proceeds from sale of property, plant and equipment | | 5 | 13 |
| Net cash outflow from investing activities | | (703) | (1,920) |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | 4,543 | - |
| Repayment of borrowings | | - | (1,836) |
| Dividend paid to non-controlling interest | | (820) | (1,439) |
| Proceeds from deposit | | 1,844 | - |
| Net cash inflow / (outflow) from financing activities | | 5,567 | (3,275) |
| Net decrease in cash and cash equivalents | | (2,054) | (1,328) |
| Net foreign exchange differences | | 272 | (46) |
| Cash and cash equivalents at beginning of year | | 7,628 | 9,002 |
| Cash at the end of the financial year | 7 | 5,846 | 7,628 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31st DECEMBER 2013

| | Issued Capital | Accumulated Losses | Other Reserves | Total | Non-controlling Interest | Total Equity |
|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Group | | | | | | |
| At 1st January 2012 | 28,556 | (18,178) | 640 | 11,018 | 8,706 | 19,724 |
| Profit for the year ended 31st December 2012 | - | 808 | - | 808 | 1,216 | 2,024 |
| Other comprehensive income | - | - | (65) | (65) | (94) | (159) |
| Foreign currency translation loss | - | - | - | - | (8) | (8) |
| Transfer between reserves | - | (153) | 153 | - | - | - |
| Dividend paid | - | (632) | - | (632) | (807) | (1,439) |
| At 31st December 2012 | 28,556 | (18,155) | 728 | 11,129 | 9,013 | 20,142 |
| | | | | | | |
| At 1st January 2013 | 28,556 | (18,155) | 728 | 11,129 | 9,013 | 20,142 |
| Loss for the year ended 31st December 2013 | - | (1,672) | - | (1,672) | (680) | (2,352) |
| Other comprehensive income | - | - | 2,182 | 2,182 | 1,745 | 3,927 |
| Foreign currency translation loss | - | - | - | - | (70) | (70) |
| Transfer between reserves | - | (11) | 11 | - | - | - |
| Dividend paid | - | - | - | - | (820) | (820) |
| At 31st December 2013 | 28,556 | (19,838) | 2,921 | 11,639 | 9,188 | 20,827 |

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

| | Group | |
|---|---|---|
| | 2013 | 2012 |
| | $'000 | $'000 |
| Sale of goods | 59,233 | 69,021 |
| Sale of scrap | 364 | 238 |
| Other sales | - | 1 |
| Interest income | 53 | 99 |
| | 59,650 | 69,359 |

5. OTHER INCOME

| | | |
|---|---|---|
| Foreign currency gain | - | 535 |
| Gain on disposal of Property, Plant and Equipment | 1 | 6 |
| Other | 25 | 8 |
| | 26 | 549 |

## 6. EXPENSES

| | Group | |
|---|---|---|
| | 2013 | 2012 |
| | $'000 | $'000 |
| *Amortisation, depreciation and Impairment expense* | | |
| Land usage right amortisation | 24 | 22 |
| Buildings depreciation | 305 | 280 |
| Plant and equipment | | |
| Depreciation | 2,774 | 2,374 |
| Impairment benefit | (55) | (7) |
| | 3,048 | 2,669 |
| | | |
| Employee benefits (including defined contribution superannuation expense) | 5,064 | 4,434 |
| Defined contribution superannuation expense | 16 | 12 |
| | | |
| *Finance Costs* | | |
| Interest paid/payable | 1,275 | 1,225 |
| | | |
| *Other Expenses:* | | |
| Technical and advisory fees | 195 | 163 |
| Consultancy fees | 229 | 70 |
| General and administrative costs | 996 | 864 |
| Foreign currency loss | 81 | 76 |
| Bad debt (benefit) / expense including impairment | (129) | 28 |
| | 1,372 | 1,201 |

## 7. CASH AND CASH EQUIVALENTS

| | | |
|---|---|---|
| Cash at bank and in hand | 5,346 | 7,628 |
| | Per annum | Per annum |
| | % | % |
| Interest rates on cash at bank and in hand | 0.8 | 1.2 |

## 8. TRADE AND OTHER RECEIVABLES (CURRRENT)

| | Group | |
|---|---|---|
| | 2013 | 2012 |
| | $'000 | $'000 |
| Trade receivables | 12,185 | 8,917 |
| Provision for doubtful debts | (53) | (37) |
| | 12,132 | 8,880 |
| Other debtors | 1,041 | 533 |
| | 13,173 | 9,413 |

## 9. 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

| | Europe | Australia | People's Republic of China | Middle East | Other | Total continuing operations | Inter-segment elimination/ Unallocated | Group |
|---|---|---|---|---|---|---|---|---|
| 2013 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Revenue | | | | | | | | |
| Sales to external customers | 6,506 | 7,419 | 32,939 | 9,340 | 3,029 | 59,233 | 364 | 59,597 |
| Total sales revenue | 6,506 | 7,419 | 32,939 | 9,340 | 3,029 | 59,233 | 364 | 59,597 |
| Other revenue/income | - | - | - | - | - | - | 79 | 79 |
| Total segment revenue/income | 6,506 | 7,419 | 32,939 | 9,340 | 3,029 | 59,233 | 443 | 59,676 |
| Result | | | | | | | | |
| Segment result | | | | | | | | |
| Loss before income tax | (16) | (18) | (82) | (23) | (7) | (146) | (2,439) | (2,585) |
| Income tax benefit | | | | | | | | 233 |
| Net loss for the year | | | | | | | | (2,352) |
| | | | | | | | | |
| 2012 | | | | | | | | |
| Revenue | | | | | | | | |
| 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 |
| Result | | | | | | | | |
| 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 |

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.

## Assets and Liabilities by Country

| | China | | Australia | | Group | |
|---|---|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Assets | 50,223 | 43,105 | 879 | 679 | 51,102 | 43,784 |
| Liabilities | (30,242) | (23,606) | (33) | (36) | (30,275) | (23,642) |
| Net Assets | 19,981 | 19,499 | 846 | 643 | 20,827 | 20,142 |

## Revenues from major customers

At 31st December 2013, the Group has a concentration of credit risks totalling 23% (2012: 19%) and 51% (2012: 54%) 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 30th June 2013, there have been no changes to the basis of segmentation or the measurement basis for the segment profit.

## 10. PROPERTY, PLANT AND EQUIPMENT

| | Group | |
|---|---|---|
| | 2013 | 2012 |
| | $'000 | $'000 |
| *Land usage rights* | | |
| At cost | 1,276 | 1,059 |
| Accumulated depreciation | (283) | (220) |
| | 993 | 839 |
| *Buildings - Leasehold* | | |
| At cost | 7,356 | 6,103 |
| Accumulated depreciation | (2,722) | (1,979) |
| | 4,634 | 4,124 |
| Total land and buildings | 5,627 | 4,963 |
| *Plant and equipment* | | |
| At cost | 30,464 | 24,430 |
| Accumulated depreciation & impairment | (18,028) | (12,391) |
| | 12,436 | 12,039 |
| Plant and equipment under construction | 114 | 111 |
| Total plant and equipment | 12,550 | 12,150 |
| Total non-current property, plant and equipment | 18,177 | 17,113 |

## 10. PROPERTY, PLANT AND EQUIPMENT (continued)

| | Group | |
|---|---|---|
| | 2013 | 2012 |
| | $'000 | $'000 |
| *Total land Usage Rights* | | |
| Carrying amount at beginning of financial year | 839 | 871 |
| Depreciation | (24) | (22) |
| Effect of movement in foreign exchange | 178 | (10) |
| Carrying amount at end of financial year | 993 | 839 |
| *Total Buildings - Leasehold* | | |
| Carrying amount at beginning of financial year | 4,124 | 4,391 |
| Depreciation | (305) | (280) |
| Effect of movement in foreign exchange | 815 | (46) |
| Reclassification from construction in progress | - | 59 |
| Carrying amount at end of financial year | 4,634 | 4,124 |
| *Total Plant & Equipment* | | |
| Carrying amount at beginning of financial year | 12,039 | 12,652 |
| Additions | 719 | 1,649 |
| Disposals | (4) | (6) |
| Depreciation | (2,774) | (2,374) |
| Impairment benefit | 55 | 7 |
| Effect of movement in foreign exchange | 2,280 | (134) |
| Reclassification from construction in progress | 121 | 245 |
| Carrying amount at end of financial year | 12,436 | 12,039 |
| *Total Construction in Progress* | | |
| Carrying amount at beginning of financial year | 111 | 255 |
| Additions | 102 | 163 |
| Effect of movement in foreign exchange | 22 | (3) |
| Reclassification to plant & equipment | (121) | (304) |
| Carrying amount at end of financial year | 114 | 111 |

## 11. TRADE AND OTHER PAYABLES (CURRENT)

| | Group 2013 $'000 | Group 2012 $'000 |
|---|---|---|
| Trade payables | 4,438 | 4,347 |
| Sundry creditors and accruals | 2,228 | 866 |
| Finance liabilities at fair value | - | 15 |
| Deposit payable – unsecured, interest free and with no fixed repayment term | 1,844 | - |
| | 8,510 | 5,228 |

## 12. ISSUED CAPITAL

| | 2013 Number of Shares | 2013 $'000 | 2012 Number of Shares | 2012 $'000 |
|---|---|---|---|---|
| Ordinary shares – no par value fully paid and authorised | 126,361,087 | 28,556 | 126,361,087 | 28,556 |
| | 126,361,087 | 28,556 | 126,361,087 | 28,556 |

Movements in ordinary share capital

| Date | Details | Number of shares | $'000 |
|---|---|---|---|
| 1st Jan 2012 | Opening balance | 126,361,087 | 28,556 |
| 31st Dec 2012 | Closing balance | 126,361,087 | 28,556 |
| 1st Jan 2013 | Opening balance | 126,361,087 | 28,556 |
| 31st Dec 2013 | Closing balance | 126,361,087 | 28,556 |

## 13. OPTIONS OUTSTANDING

There were no options outstanding at 31st December 2013 (2012 Nil).

## 14. 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.

## 15. DETAILS OF DIVIDEND OR DISTRIBUTION REINVESTMENT PLANS IN OPERATION

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

## 16. REVIEW OF OPERATIONS AND OUTLOOK

### 2013 Results

The Company is pleased to report its results for the 2013 year.

Consolidated net loss for the year ended 31st December 2013 attributable to the members of OTI was $1,672,000 (2012 $808,000 profit).

Consolidated revenue for 2013 totalled $59.7 million, a decrease of 15% from the previous year (2012 $69.9 million).

### Review

The 2013 year was very difficult for Apollo's[1] business. The major factors contributing to the net loss are:

1. A slowdown of the Chines economy during the second half of the year resulted in low prices for all non-ferrous metals, including lead. This had significant impact by lowering unit selling prices of batteries and, furthermore, total sales volume reduced.

2. Competitors' over-supply of batteries in 2013 was also significant because of new production capacities released by a few larger players.

   Throughout the year, the selling prices of batteries were depressed and margins were under expectations.

3. Abnormal quality compensation to some exporting markets due to dry battery failure was also an important factor, causing lower margins.

   Apollo's accumulated losses for quality compensation totalled around RMB 5 million (AUD 836,000).

4. Protracted negotiations with Camel[2] have taken up management's time and caused a very negative impact on Apollo's sales.

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[1] Yangzhou Apollo Battery Co Limited, controlled by Oriental Technologies Investment Limited.

[2] As announced on 23rd July 2013, the Company entered into a preliminary agreement under the laws of the People's Republic of China (**China**) to assign 100% of Apollo's equity to Camel Group Co., Ltd, a company incorporated in China. Completion of the preliminary agreement is subject to Camel's due diligence on Apollo and approval by the Company's members.

16. REVIEW OF OPERATIONS AND OUTLOOK (continued)

Apollo's management worked hard through the year to maintain production, and technically renovate production to meet the market's demands.

### Outlook

During 2014, Apollo's competition will increase because:

1. The very large international battery producer Johnson Control's new plant in China has started production and an extra 6 million batteries is expected to be released onto the market; and

2. A few existing plants also completed their expansion projects and have new capacity available.

The oversupply in automotive batteries is a big challenge for the whole industry.

The economic forecast for 2014 is not encouraging. Metal prices should remain at lower levels, including lead prices.

To overcome the difficulties faced by Apollo's business, management is focusing on these issues to deliver profit for all shareholders:

1. Technical renovation in battery design to improve quality;

2. Renovation of gravity casting production to boost truck battery production and meet domestic market demands;

3. Developing OEM (original equipment manufacturer) markets to increase sales volumes;

4. Developing a new export market; and

5. Increasing production efficiencies by automating and reducing labour costs.

Although the difficulties expected in 2014 are obvious, management has the capability to turn these around and deliver profit - if all the efforts mentioned above take effect.

The primary targets for Apollo in 2014 are to:

1. Produce approximately 2.5 million batteries above 2013 production levels;

2. Achieve approximately the same sales turnover as in 2011; and

3. Achieve a reasonable profit.

17. OTHER INFORMATION REGARDING THESE ACCOUNTS

These accounts are in the process of being audited.