



ORIENTAL TECHNOLOGIES INVESTMENT LIMITED

ABN 13 060 266 248

ANNUAL REPORT

31st DECEMBER 2012

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CHAIRMAN'S REPORT

Financial Results

Shareholders will see from the 2012 Annual Report that profit after tax, attributable to the members of the parent entity for the year ended 31st December 2012, totalled \$808,000 (2011 \$1,365,000).

Review

Profitability in the past year has been very satisfactory.

Prospects

It is anticipated that the Business will meet its budgeted forecast in the current financial year.

Gerard McMahon
Chairman

21 March 2013

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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 31st 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 31st 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 31st December 2012 was 37% lower than the previous year ended 31st 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 31st 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 31st December 2011, YABC successfully defended its profit margins during the year ended 31st December 2012.

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 31st December 2013.

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

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

Xinsheng Wang
Managing Director
21 March 2013

DIRECTORS' REPORT

The Directors of Oriental Technologies Investment Limited present their report on the Company for the financial year ended 31st December 2012.

Directors

The names of the Directors of the Company during or since the end of the financial year are:

Gerard McMahon	Non-Executive Chairman
Lawrence Luo-Lin Xin	Vice Chairman
Xinsheng Wang	Managing Director
George Su Su	Non-Executive Director

All the Directors named above held office during and since the end of the financial year, unless otherwise indicated.

Directors' Qualifications, Experience and Special Responsibilities

Particulars of qualifications, experience and special responsibilities of each Director are as follows:

Gerard McMahon

Non-Executive Chairman of Directors
Chairman of the Audit Committee

Originally from Australia, Mr McMahon has been living and working in Hong Kong for over 35 years and is currently Non-executive Director of two publicly listed companies. He is also a consultant to Asian Capital (Corporate Finance) Limited, a Hong Kong based corporate finance advisory firm.

Mr McMahon is admitted as a barrister in Hong Kong and New South Wales. His past experience includes extensive involvement in Hong Kong's Securities and Futures Commission as its Chief Counsel, Member and Executive Director. Mr McMahon is particularly specialised in Hong Kong company law, securities and banking law and takeovers and mergers regulations.

Mr McMahon is a non-executive director of Guangnan (Holdings) Limited (appointed 22 June 2000), a company listed on the Hong Kong Stock Exchange.

Mr McMahon is also a non-executive director of Indonesian Investment Fund Limited (appointed 10 December 2001), which is listed on the Irish Stock Exchange.

Lawrence Luo-Lin Xin

Vice Chairman
Member of Audit Committee

Mr Xin is Managing Director of Red Investment & Development Limited, an investment company based in Hong Kong.

A post-graduate of Beijing University, Mr Xin has wide China related business experience in Japan, North America and Australia. From 1993 to 1997, Mr Xin was a director of China C&Y Management Co. Limited, an investment manager of a Chinese investment fund based in Hong Kong with special industry focus.

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Directors' Report (continued)

Mr Xin is a director of Central China Real Estate Limited (Hong Kong Stock Exchange), appointed 1st March 2010; Sinolink Worldwide Holdings Limited (Hong Kong Stock Exchange), appointed 7 June 2002; Enerchina Holdings Limited (Hong Kong Stock Exchange), appointed 24th April 2001; Mori Denki Mfg. Co., Ltd (Tokyo Stock Exchange), appointed 28th June 2007; and Sino - Tech International Ltd (Hong Kong Stock Exchange) appointed 26th August 2010 and ceased 8th June 2012.

Dr Xinsheng Wang

Managing Director

Dr Wang became Managing Director of the Company on 31st August 2007 and has substantial experience in marketing and business management. He joined CITIC Australia Commodity Trading Pty Ltd (CACT) in 1995 as a senior manager and become an executive director of CACT in 1999, then Vice –President in 2003. Under his leadership, the battery division of CACT has been developed as one of top three battery players in the Australian market. He resigned the position in 2006 and become a senior consultant to CACT. Dr Wang was appointed as managing director of Yangzhou Apollo Battery Co Ltd in June 2006. He holds a PhD degree in Food Science and Technology from the University of NSW.

George Su Su

Non-Executive Director
Member of Audit Committee

Mr Su heads CITIC Securities Australian operation with special focus on corporate advisory business in cross border transactions between Australia and China.

He also serves on the board of Macquarie Bank's China property fund.

Mr Su became non-executive director of the Company in September 2007 after serving as managing director since 1998. He was instrumental in the strategic transfer of the Company's manufacturing operation to China.

Mr Su held senior positions in a Chinese government controlled investment company before joining the Company. Currently based in Sydney, he has more than 26 years business experiences in China and the Asia Pacific region having previously worked in Beijing, Hong Kong, Singapore and Shanghai.

Born and growing up in Beijing, Mr Su was educated in China and USA.

Company Secretary

Mr Ian Morgan was appointed Company Secretary on 31st December 2003.

Qualifications	—	BBus (NSW Institute of Technology), MComLaw (Macquarie University), Grad Dip App Fin (Securities Institute of Australia), CA, ACIS, CSA, MAICD, FFin.
Experience	—	Mr Morgan is a Chartered Accountant and Company Secretary with over 30 years of experience in accounting and corporate administration. He provides secretarial and advisory services to a range of companies, and is company secretary of other publicly listed companies.

Officers who were previously partners of the audit firm

No person was an officer of the Company during the financial year and previously a partner of the current audit firm, RSM Bird Cameron Partners.

Directors' Report (continued)

REMUNERATION REPORT –AUDITED BY RSM BIRD CAMERON PARTNERS

Principles of compensation

Remuneration of directors and executives is referred to as compensation as defined in AASB 124.

Compensation levels for key management personnel and secretaries of the entity and relevant key management personnel of the Group are competitively set to attract and retain appropriately qualified and experienced directors and executives.

The entity does not establish any relationship between remuneration and the entity's performance. No director or executive has an entitlement to a termination payment, other than any statutory payment made in lieu of notice at the existing rate of pay.

Key management personnel, as defined by AASB 124, were issued with equity instruments as compensation during the financial year ended 31st December 2007.

Details of Series 3 options over ordinary shares in the Company provided as remuneration to each director of the Company and each of the key management personnel of the parent entity and the Group are set out below. Series 3 options expired 15th November 2012 and none were exercised. If exercised, each option would have converted into one ordinary fully paid share of Oriental Technologies Investment Limited. Further information on the options is set out in Note 26 of these financial statements.

Name	2012		2011	
	Number of options granted	Number of options vested	Number of options granted	Number of options vested
<i>Directors</i>				
Gerard McMahon	-	-	3,000,000	3,000,000
Lawrence Luo-Lin Xin	-	-	3,000,000	3,000,000
Xinsheng Wang	-	-	3,000,000	3,000,000
George Su Su,	-	-	1,000,000	1,000,000
<i>Company Secretary</i>				
Ian Morgan	-	-	500,000	500,000
	-	-	10,500,000	10,500,000

The assessed fair value at grant date of options granted to individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables below (page 8). Fair values at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options, granted as remuneration for the year ended 31st December 2007 to Directors and key management personnel, included:

- Options were granted for no consideration and vested at the grant date.
- Vested options are exercisable for a period of five years after the grant date.
- Exercise price: 7.0 cents each ordinary fully paid share.
- Grant Date: 16th November 2007.
- Expiry Date: 15th November 2012.
- Share price at grant date: 7.0 cents.
- Expected price volatility of the Company's shares: 60%.

Directors' Report (continued)

Remuneration Report (Audited) (continued)

- Expected dividend yield: Nil%.
- Risk free interest rate: 6.27%.
- Value of option at grant date: 4.0 cents each option.

Remuneration of directors and specified executives

The remuneration structure for key management personnel, including executive Directors, seeks to remunerate with due regard to performance and other factors.

The Corporate Governance Policy provides the framework for a Remuneration Committee to consider directors and executive remuneration, as required.

The Remuneration Committee shall be responsible for all elements of the remuneration of the executive Directors of Oriental Technologies Investment Limited and shall make recommendations to the Board on:

- The basic salary paid to the executive Directors and any recommendations made by the Managing Director of Oriental Technologies Investment Limited for changes to that basic salary;
- The remuneration and terms of employment of prospective executive Directors of Oriental Technologies Investment Limited;
- Any bonuses to be paid to the executive Directors and, in respect of any element of remuneration of an executive Director which is performance-related, to formulate suitable performance-related criteria and monitor their operation; and to consider any recommendations of the Managing Director of Oriental Technologies Investment Limited regarding bonuses or performance-related remuneration; and
- All performance-related formulae relevant to the remuneration of the Directors of Oriental Technologies Investment Limited, including the terms of their service contracts and changes to those contracts, and to consider the eligibility of Directors for any executive share option scheme operated by or to be established by Oriental Technologies Investment Limited including but not limited to (subject always to the rules of that scheme and any applicable legal and ASX requirements):-
 - the selection of those eligible Directors of Oriental Technologies Investment Limited and its related entities to whom options should be granted;
 - the timing of any grant;
 - the numbers of shares over which options are to be granted;
 - the exercise price at which options are to be granted;
 - the imposition of any objective condition which must be complied with before any option may be exercised;
 - disclosure of details of remuneration packages and structures in addition to those required by law or by the ASX; and
 - other benefits granted to the executive Directors and any recommendations of the Managing Director of Oriental Technologies Investment Limited for changes in those benefits.

The Remuneration Committee shall have regard in the performance of the duties set out herein to any published guidelines or recommendations regarding the remuneration of directors of listed companies and formation and operation of share option schemes which the Remuneration Committee considers relevant or appropriate.

Oriental Technologies Investment Limited does not formalise remuneration and other terms of employment into service or employment agreements.

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Directors' Report (continued)

Remuneration Report (Audited) (continued)

Details of the nature and amount of each major element of remuneration of each key management person of the Company and Group are:

		Short-term				Post-employment	Other long term	Termination benefits	Share-based payments	Total	Proportion of remuneration performance related	Value of options as proportion of remuneration
		Salary & fees	Cash bonus	Non-monetary benefits	Total	Superannuation benefits			Options and rights)			
		\$	\$	\$	\$	\$	\$	\$	\$	%	%	
Directors												
Gerard McMahon	2012	35,004	-	-	35,004	3,150	-	-	-	38,154	-	-
	2011	35,004	-	-	35,004	3,150	-	-	-	38,154	-	-
Lawrence Luo-Lin Xin ¹	2012	-	-	-	-	-	-	-	-	-	-	-
	2011	-	-	-	-	-	-	-	-	-	-	-
George Su Su	2012	18,000	-	-	18,000	1,620	-	-	-	19,620	-	-
	2011	18,000	-	-	18,000	1,620	-	-	-	19,620	-	-
Executive												
Xinsheng Wang (Managing Director)	2012	172,322	-	-	172,322	7,200	-	-	-	179,522	-	-
	2011	171,154	-	-	171,154	7,200	-	-	-	178,354	-	-
Ian Morgan (Company Secretary) ²	2012	-	-	-	-	-	-	-	-	-	-	-
	2011	-	-	-	-	-	-	-	-	-	-	-
Total Compensation of Key Management Personnel	2012	225,326	-	-	225,326	11,970	-	-	-	237,296	-	-
	2011	224,158	-	-	224,158	11,970	-	-	-	236,128	-	-

End of Audited Section of Directors' Report

¹ For the year ended 31st December 2012, the Company paid or incurred fees totaling \$162,500 excluding GST (2011 \$150,000) to an entity related to Mr. Lawrence Xin. Refer to Note 27 of the attached accounts for more details.

² For the year ended 31st December 2012, the Company paid a total of \$34,909 excluding GST (2011 \$34,909) to an entity related to Mr. Ian Morgan for the provision of company secretarial services.

Directors' Report (continued)

Share Options

The Orientech Employee Share Option Plan was approved by shareholders on 6th January 1998.

Each employee share option is convertible into one share.

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

- (i). Five cents (\$0.05) for each share; and
- (ii). The share market price as at the option issue date less a discount of up to but not exceeding 5% of the market price. 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 this 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.

Options were issued to, and are held by:

	Number of Options Held 1 January 2011	Number of Options Held 31 December 2011	Number of Options Held 1 January 2012	Expired	Number of Options Held 31 December 2012
Series 3 options	10,500,000	10,500,000	10,500,000	(10,500,000)	-
	<u>10,700,000</u>	<u>10,500,000</u>	<u>10,500,000</u>	<u>(10,500,000)</u>	<u>-</u>

There are no unissued ordinary shares for which options are outstanding at the date of this report.

Series 3 options

Oriental Technologies Investment Limited granted 10,500,000 Series 3 options over un-issued shares on 16 November 2007. The granting of these Series 3 options was approved by members of the Company at an extraordinary meeting held on 16th November 2007. Details of the Series 3 options granted are:

- Exercise Period: a Series 3 option may be exercisable at any time prior to 5:00pm Eastern Standard Time on the date 5 years after the date of granting the options (Expiry Date). Options not exercised on or before the Expiry Date will automatically lapse.
- Exercise Price: 7.0 cents per share.
- Exercise of Option: a Series 3 option may be exercised wholly or in part by completing an application form for ordinary fully paid shares in the Company delivered to the Company's share registry and received by it any time prior to the Expiry Date.

Directors' Report (continued)

Directors' Relevant Interests in Securities at the date of this report

Number of ordinary shares

Director	Beneficial	Non-Beneficial	Total
Gerard McMahon	498,301	-	498,301
Lawrence Luo-Lin Xin	-	44,400,000	44,400,000
Xinsheng Wang	-	11,100,000	11,100,000
George Su Su	-	-	-

An entity related to Dr Xinsheng Wang is a minority shareholder of Yangzhou Apollo Battery Company Limited (a company registered in the People's Republic of China), with 44.43% of the total paid-up capital. Yangzhou Apollo Battery Company Limited is a subsidiary of Oriental Technologies Investment Limited.

Directors' Meetings

During the financial year, five Directors' meetings and three Audit Committee meetings were held. Meetings attended by each Director are as follows:

Director	Board of Directors		Audit Committee	
	Eligible to attend	Attended	Eligible to attend	Attended
Gerard McMahon	5	5	3	3
Lawrence Luo-Lin Xin	5	5	3	3
Xinsheng Wang	5	5	-	-
George Su Su	5	5	3	3

Principal Activities

The principal activities of the Group during the financial year were undertaken in the People's Republic of China and included manufacturing, exporting, marketing and selling lead acid batteries. No significant change in the nature of these activities occurred during the year.

Non Audit Services

Details of amounts paid to the Auditor for non-Audit services provided during the year are set out in Note 11 of these financial statements. The Directors are satisfied that the provision of these non-Audit services is compatible with the general standard of independence for the auditors imposed by the Corporations Act 2001 because:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Directors' Report (continued)

Operating Results

Net profit attributable to members of Oriental Technologies Investment Limited for the financial year was \$808,000 (2011 \$1,365,000).

Dividends

An interim dividend of \$0.005 per ordinary fully paid share totalling \$632,000 un-franked and all conduit foreign income was paid on 7th December 2012. There was no dividend paid during the year ended 31st December 2011.

The Directors do not recommend the payment of a final dividend (2011 \$Nil).

Review of Operations

A review of the Group's operations during the financial year and the results of those operations are contained in the Review of Operations attached to this report.

Significant Changes in State of Affairs

Significant changes to the Company's state of affairs are referred to in the Review of Operations and the Financial Statements.

Environmental Regulations

The Directors are not aware of any environmental regulations under the law of the Commonwealth and State with which the Group does not fully comply.

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.

Future Developments

Likely developments in the Group's operations known at this date have been covered generally within this Directors' Report and the Review of Operations. In the Directors' opinion, any further disclosure of information would prejudice the interests of the Group.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company, or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Indemnification of Officers and Auditors

No indemnity has been given to a current or former Officer or Auditor.

Directors' Report (continued)

The Company has paid a premium of \$19,311 (2011 \$18,807) to insure Directors, Secretaries and Executive Officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity as Director, Secretary or Executive Officer of the Company other than conduct involving a wilful breach of duty in relation to the Company.

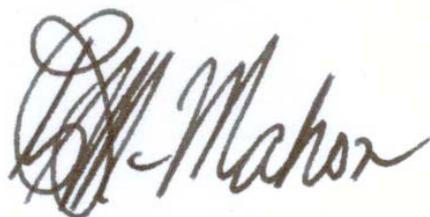
Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 28 and forms part of the directors' report for the financial year ended 31st December 2012.

Rounding Off Amounts

The Company satisfies the requirements of Class Order 98/0100 issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the Directors' Report and the Financial Report to the nearest thousand dollars. Amounts have been rounded off in the Directors' Report and Financial Report in accordance with that Class Order.

Signed in accordance with a resolution of the Directors

A handwritten signature in dark ink, appearing to read 'Gerard McMahan', written in a cursive style.

Gerard McMahan
Chairman of the Board

21 March 2013

CORPORATE GOVERNANCE

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 31st December 2012. The Company is a small company with limited operations. Accordingly the Board considers that many of the corporate governance guidelines intended to apply to larger companies are not practical for the Company.

ASX Principles/Recommendations	Compliance	Details	Disclosure Requirement for Non-Compliance
Principle 1			
Principle 1 – Lay solid foundations for management and oversight. Companies should establish and disclose the respective roles and responsibilities of board and management.			
Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions. Box 1.1 Content of a director’s letter upon appointment	Comply	<p>The Board has adopted a Corporate Governance Policy, which defines functions reserved for the Board and those delegated to Management.</p> <p>The Board is accountable to shareholders for the performance of the Company and has overall responsibility for its operations.</p> <p>The Board’s primary objective is to protect and enhance shareholder value within a defined, informed structure which protects the rights and interests of shareholders and other stakeholders by ensuring that the Company and its controlled entities are properly managed. The Board, together with senior management, is responsible to shareholders and other stakeholders for the Company’s total business performance.</p> <p>Management of the business of the Company is conducted by the Managing Director as designated by the Board and by officers and employees to whom the management function is delegated by the Managing Director.</p>	Not Applicable

Corporate Governance (continued)

ASX Principles/Recommendations	Compliance	Details	Disclosure Requirement for Non-Compliance
Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.	Comply	The Managing Director reviews the performance of senior executives.	Not Applicable
Recommendation 1.3: Companies should provide the information indicated in the Guide to reporting on Principle 1.	Comply		Not Applicable
Principle 2			
Principle 2 – Structure the board to add value Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.			
Recommendation 2.1: A majority of the board should be independent directors. Box 2.1: Relationships affecting independent status.	Does not comply	<p>The Corporate Governance Policy defines the criteria for Board structure and independence. At present, the Board of four Directors comprises:</p> <p>Two non-executive independent Directors, including the Chairman; Vice Chairman; and Executive Managing Director.</p> <p>There is not a majority of independent directors.</p>	<p>The Board considers that the Board's structure is still appropriate to the Company's size; and each Director-independent or not-brings an independent judgement to bear on Board decisions.</p> <p>Directors may obtain independent professional advice at the Company's expense, subject to prior agreement and direction by the Board, on matters arising in the course of Company business. Directors also have access to senior Company managers and Company documents at all times.</p>

Corporate Governance (continued)

ASX Principles/Recommendations	Compliance	Details	Disclosure Requirement for Non-Compliance
Recommendation 2.2: The chair should be an independent director.	Comply	The Chairman is a non-executive independent Director.	Not Applicable
Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual.	Comply	The Chairman and Managing Director are different individuals.	Not Applicable
Recommendation 2.4: The board should establish a nomination committee.	Does not comply		<p>The Corporate Governance Policy defines a policy for a Remuneration Committee, which is required to meet as required. This Remuneration Committee has not formed or met to the date of this report.</p> <p>The size of the Company does not warrant the formation of a Nomination or Remuneration Committee at this time. Appointments have been considered by the full Board.</p>

Corporate Governance (continued)

ASX Principles/Recommendations	Compliance	Details	Disclosure Requirement for Non-Compliance
<p>Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.</p>	<p>Comply</p>	<p>The non-executive Chairman reviews the performance of the Managing Director.</p> <p>Details of Directors' qualifications, experience, term of office and special responsibilities are in the Directors Report included in this Annual Report.</p> <p>Potential nominations to the Board are assessed by the full Board. The Board may appoint a nominations or remuneration committee.</p> <p>The Board undertakes self-assessment of its collective performance. Individual performance is evaluated by the full Board.</p> <p>The Company's Corporate Governance Policy discloses the charter, including the process of performance evaluation of executive Directors and senior management by a Remuneration Committee, if required.</p>	<p>Not Applicable</p>
<p>Recommendation 2.6: Companies should provide the information indicated in the Guide to reporting on Principle 2.</p>	<p>Comply</p>		<p>Not Applicable</p>
<p>Principle 3</p>			
<p>Principle 3 – Promote ethical and responsible decision-making. Companies should actively promote ethical and responsible decision-making.</p>			

Corporate Governance (continued)

ASX Principles/Recommendations	Compliance	Details	Disclosure Requirement for Non-Compliance
<p>Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. • Box 3.1: Suggestions for the content of a code of conduct 	<p>Comply</p>	<p>The Board has adopted a Corporate Governance Policy, which establishes a code of conduct.</p> <p>The Company's Code of Conduct applies to all Directors, employees, contractors and professionals who have a business association with the Company. It provides guidance on what are acceptable standards of behaviour.</p> <p>The Company expects persistently high standards of behaviour, which are essential to maintaining the trust and confidence of our stakeholders and the general public. The Directors, management and employees are expected to comply with the standards of integrity and ethical behaviour included in this policy. The Company expects everyone to abide by the spirit as well as the letter of the code.</p> <p>The Code of Conduct is about developing a consistent understanding of desired behaviours, towards each other and with our business partners. Where appropriate, the expected conduct is elaborated upon in policy and procedure guidelines for specific job descriptions within each related entity.</p>	<p>Not Applicable</p>

Corporate Governance (continued)

ASX Principles/Recommendations	Compliance	Details	Disclosure Requirement for Non-Compliance
<p>Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.</p> <p>Box 3.2: Suggestions for the content of a diversity policy.</p>	Comply	<p>The Company's diversity policy is included in the Company's Corporate Governance Statement: The Company intends to make each staff appointment after consideration of each candidate's qualifications, experience and proven competence, whilst conscientiously avoiding any discrimination on the basis of, but not limited to, race, creed, colour, gender, age, marital status, religion or physical impairment.</p>	Not applicable
<p>Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.</p>	Does not comply		<p>The Company will apply its best endeavours to disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.</p>
<p>Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.</p>	Does not comply	<p>It is expected that the Company will apply its best endeavors to first disclose measurable objectives, for gender diversity, in its annual report for the year ended 31st December 2012. The measurable objectives are expected to identify how the Company measures achievement of gender diversity objectives. Reporting would include the proportion of women:</p> <ol style="list-style-type: none"> 1. In the Company; 2. In senior executive positions; and 3. On the Board. 	<p>The Company's gender diversity is considered to be commercially cost effective, and appropriate to the Company's size and structure.</p>

Corporate Governance (continued)

ASX Principles/Recommendations	Compliance	Details	Disclosure Requirement for Non-Compliance
<p>Recommendation 3.5: Companies should provide the information indicated in the Guide to reporting on Principle 3.</p>	Comply		Not Applicable
Principle 4			
<p>Principle 4 – Safeguard integrity in financial reporting Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.</p>			
<p>Recommendation 4.1: The board should establish an audit committee.</p>	Comply		Not Applicable
<p>Recommendation 4.2: The audit committee should be structured so that it:</p> <ul style="list-style-type: none"> • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members. 	Does not comply	<p>The Company's Audit Committee comprises three directors and the majority are independent:</p> <ol style="list-style-type: none"> 1. Non-executive independent Chairman (Mr Gerard McMahon); 2. Vice Chairman (Mr Lawrence Xin); and 3. Non-executive Director (Mr George Su Su). <p>The Chairman of the Audit Committee is also the Chairman of the Board.</p> <p>Details of the Audit Committee Member's qualifications, experience, and special responsibilities are in the Directors Report included in this Annual Report.</p> <p>The Audit Committee meets at least twice a year. The attendees are the Audit Committee Members; Managing Director; External Auditor and Company Secretary.</p>	<p>This Audit Committee structure is considered to be commercially cost effective, and appropriate to the Company's size and structure.</p>

Corporate Governance (continued)

ASX Principles/Recommendations	Compliance	Details	Disclosure Requirement for Non-Compliance
<p>Recommendation 4.3: The audit committee should have a formal charter.</p>	<p>Comply</p>	<p>The Corporate Governance Policy includes a formal Audit Committee charter.</p> <p>The primary role of the Audit Committee is to assist the board in fulfilling its oversight responsibilities by monitoring and reviewing, on behalf of the Board, the effectiveness of the Company's control environment in the areas of operational risk, legal compliance, regulatory compliance and financial reporting.</p>	<p>Not Applicable</p>
<p>Recommendation 4.4: Companies should provide the information indicated in the Guide to reporting on Principle 4.</p>	<p>Comply</p>		<p>Not Applicable</p>
<p>Principle 5</p>			
<p>Principle 5 – Make timely and balanced disclosure. Companies should promote timely and balanced disclosure of all material matters concerning the company.</p>			

Corporate Governance (continued)

ASX Principles/Recommendations	Compliance	Details	Disclosure Requirement for Non-Compliance
<p>Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.</p> <p>Box 5.1: Continuous disclosure policies</p>	Comply	<p>Company policy about continuous disclosure requirements of the ASX Listing Rules is included in the Company's Corporate Governance Policy.</p> <p>The Board's policy is that shareholders are informed of all material developments that impact on the Company. Detailed continuous disclosure policy is intended to maintain the market integrity and market efficiency of the Company's shares listed on the ASX. This policy sets out the requirements of management to report to the Managing Director, any matter that may require disclosure under the Company's continuous disclosure obligations. Management is also required to report at each Board meeting on this issue. The continuous disclosure process ensures compliance with the Company's continuous disclosure and reporting obligations, consistent with the ASX Limited Listing Rules, and the Corporations Act 2001.</p>	Not Applicable
<p>Recommendation 5.2: Companies should provide the information indicated in the Guide to reporting on Principle 5.</p>	Comply		Not Applicable
Principle 6			
<p>Principle 6 – Respect the rights of shareholders. Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.</p>			

Corporate Governance (continued)

ASX Principles/Recommendations	Compliance	Details	Disclosure Requirement for Non-Compliance
<p>Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.</p> <p>Box 6.1: Using electronic communications effectively</p>	<p>Comply</p>	<p>The Company aims to convey to its shareholders pertinent information in a detailed, regular, factual and timely manner.</p> <p>The Board ensures that the annual report includes relevant information about the operations of the Company during the year, and changes in the state of affairs of the Company, in addition to the other disclosures required by the Corporations Act 2001.</p> <p>Information is communicated to shareholders by the Company through:</p> <ol style="list-style-type: none"> 1. Placement of market announcements on the Company's web-site http://www.orientech.com.au/; 2. The annual and interim financial reports (for those shareholders who have requested a copy); 3. Disclosures to the Australia Securities Exchange and the Australian Securities & Investments Commission; 4. Notices and explanatory memoranda of annual general meetings; and 5. All Shareholders are invited to attend and raise questions at the Annual General Meeting. <p>All shareholders are welcome to communicate directly with the Company.</p> <p>All queries will be answered to the maximum extent possible (with consideration given to commercially sensitive information, privacy requirements and the Company's disclosure obligations) and in a timely fashion.</p>	<p>Not Applicable</p>

Corporate Governance (continued)

ASX Principles/Recommendations	Compliance	Details	Disclosure Requirement for Non-Compliance
<p>Recommendation 6.2: Companies should provide the information indicated in the Guide to reporting on Principle 6.</p>	Comply		Not Applicable
Principle 7			
<p>Principle 7 – Recognise and manage risk Companies should establish a sound system of risk oversight and management and internal control.</p>			
<p>Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.</p>	Comply	<p>The Audit Committee has the responsibility to establish policies on the system of internal control and management of financial and business risks.</p> <p>Risk matters are raised with the Audit Committee, which in turn manages these matters raised and reports to the full Board.</p>	Not Applicable

Corporate Governance (continued)

ASX Principles/Recommendations	Compliance	Details	Disclosure Requirement for Non-Compliance
<p>Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.</p>	<p>Comply</p>	<p>The Managing Director manages the Company's material business risks and reports to the Audit Committee.</p> <p>Materiality thresholds</p> <p>The Corporate Governance Policy requires the Company to regularly review procedures, and ensure timely identification of disclosure material and materiality thresholds.</p> <p>Materiality judgments can only be made on a case by case basis, when all the facts are available. The Board would consider an amount which is:</p> <p>Equal to or greater than 10 per cent of the appropriate base amount as material, unless there is evidence or convincing argument to the contrary; and</p> <p>Equal to or less than 5 per cent of the appropriate base amount not to be material unless there is evidence, or convincing argument, to the contrary.</p>	<p>Not Applicable</p>
<p>Recommendation 7.3: The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.</p>	<p>Comply</p>	<p>The Company's Corporate Governance Policy requires that these statements are certified by the Managing Director and Chief Financial Officer.</p>	<p>Not Applicable</p>
<p>Recommendation 7.4: Companies should provide the information indicated in the Guide to reporting on Principle 7.</p>	<p>Comply</p>		<p>Not Applicable</p>

Corporate Governance (continued)

ASX Principles/Recommendations	Compliance	Details	Disclosure Requirement for Non-Compliance
Principle 8			
Principle 8 – Remunerate fairly and responsibly. Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.			
• Recommendation 8.1: The board should establish a remuneration committee.	Does not comply		The Board would establish a Remuneration Committee, as required.
Recommendation 8.2: The remuneration committee should be structured so that it: <ul style="list-style-type: none"> • consists of a majority of independent directors • is chaired by an independent chair • has at least three members. 	Does not comply		The Board would operate as a remuneration committee, as required. This structure is considered to be commercially cost effective, and appropriate to the Company's size and structure.

Corporate Governance (continued)

ASX Principles/Recommendations	Compliance	Details	Disclosure Requirement for Non-Compliance
<ul style="list-style-type: none"> • Recommendation 8.3: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives. • Box 8.1: Guidelines for executive remuneration packages • Box 8.2: Guidelines for non-executive director remuneration 	<p>Comply</p>	<p>Non-executive Directors' fees are determined by the Board within the aggregate amount approved by shareholders.</p> <p>Any structure for equity based executive remuneration must be commercially cost effective, and appropriate to the Company's size and structure.</p> <p>The Board has regard in the performance of the duties set out herein to any published guidelines or recommendations regarding the remuneration of directors of listed companies and formation and operation of share option schemes which the Board considers relevant or appropriate.</p> <p>Fees for non-executive directors reflect the demands on and responsibilities of our Directors. Non-executive Directors are remunerated by way of base fees and statutory superannuation contributions and do not participate in schemes designed for the remuneration of executives. Non-executive directors do not receive any bonus payments nor are they provided with retirement benefits other than statutory superannuation.</p> <p>When constituted, the Company's Remuneration Committee would comprise two non-executive independent Directors. The Chairman of the Remuneration Committee would also be the Chairman of the Board.</p> <p>This Remuneration Committee structure would be considered to be commercially cost effective, and appropriate to the Company's size and structure.</p>	<p>Not Applicable</p>

Corporate Governance (continued)

ASX Principles/Recommendations	Compliance	Details	Disclosure Requirement for Non-Compliance
		<p>Details of the proposed Remuneration Committee Member's qualifications, experience, and special responsibilities are in the Directors Report included in this Annual Report.</p> <p>There are no schemes for retirement benefits, other than statutory superannuation, for non-executive directors.</p>	
<p>• Recommendation 8.4: Companies should provide the information indicated in the Guide to reporting on Principle 8.</p>	<p>Comply</p>		<p>Not Applicable</p>

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Oriental Technologies Investment Limited for the year ended 31 December 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



RSM BIRD CAMERON PARTNERS



C J HUME
Partner

Sydney NSW
Dated: 21st March 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31st DECEMBER 2012

	Note	2012 \$'000	2011 \$'000
Revenue	6	69,359	88,262
Other income	7	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	8	(4,434)	(4,474)
Amortisation, depreciation and impairment expense	8	(2,669)	(2,316)
Finance costs	8	(1,225)	(1,316)
Other expenses	8	(1,201)	(1,144)
Profit before income tax		<u>3,327</u>	<u>3,867</u>
Income tax expense	9	(1,303)	(1,048)
Profit from continuing operations		<u>2,024</u>	<u>2,819</u>
Other comprehensive income			
Foreign currency translation (loss) / profit		(159)	559
Income tax benefit		-	-
Foreign currency translation (loss) / profit, net of tax		<u>(159)</u>	<u>559</u>
Total comprehensive income for the year		<u><u>1,865</u></u>	<u><u>3,378</u></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	10	0.6	1.1
Diluted earnings per share	10	<u>0.6</u>	<u>1.0</u>

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31st DECEMBER 2012

	Note	2012 \$'000	2011 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	12	7,628	9,002
Trade and other receivables	13	9,413	11,449
Inventories	14	9,510	7,725
Total current assets		<u>26,551</u>	<u>28,176</u>
Non-current assets			
Property, plant and equipment	17	17,113	18,169
Security deposit		120	-
Total non-current assets		<u>17,233</u>	<u>18,169</u>
Total assets		<u>43,784</u>	<u>46,345</u>
LIABILITIES			
Current liabilities			
Trade and other payables, including derivatives	18	5,228	6,013
Short-term borrowings	20	18,057	20,114
Current tax liability	19	357	494
Total current liabilities		<u>23,642</u>	<u>26,621</u>
Non-current liabilities			
Total non-current liabilities		<u>-</u>	<u>-</u>
Total liabilities		<u>23,642</u>	<u>26,621</u>
Net assets		<u>20,142</u>	<u>19,724</u>
EQUITY			
Issued capital	21	28,556	28,556
Reserves	22	728	640
Accumulated losses	22	(18,155)	(18,178)
Total equity attributable to equity holders of the Company		11,129	11,018
Non-controlling interest	23	9,013	8,706
Total equity		<u>20,142</u>	<u>19,724</u>
Net tangible assets per share (cents)		<u>15.9</u>	<u>15.6</u>

The accompanying notes form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31st DECEMBER 2012

	Note	2012 \$'000	2011 \$'000
Cash flows from operating activities			
Cash receipts from customers		71,251	83,720
Cash paid to suppliers and employees		(64,822)	(77,466)
Interest received		97	96
Finance activities		(1,225)	(1,316)
Income taxes paid		(1,434)	(586)
Net cash inflow from operating activities	25	<u>3,867</u>	<u>4,448</u>
Cash flows from investing activities			
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
Net cash outflow from investing activities		<u>(1,920)</u>	<u>(3,103)</u>
Cash flows from financing activities			
Proceeds from borrowings		-	3,094
Repayment of borrowings		(1,836)	-
Dividend paid to non-controlling interests		(1,439)	(367)
Net cash (outflow) / inflow from financing activities		<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
Cash at the end of the financial year	12	<u><u>7,628</u></u>	<u><u>9,002</u></u>

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31st DECEMBER 2012

	Issued capital \$'000	Accumulated losses \$'000	Other reserves \$'000	Total \$'000	Non- controlling interest (Note 23) \$'000	Total equity \$'000
At 1st January 2011	28,556	(19,369)	179	9,366	7,320	16,686
Profit for the year ended 31 st December 2011	-	1,365	-	1,365	1,454	2,819
Other comprehensive income	-	-	287	287	272	559
Foreign currency translation profit	-	-	-	-	27	27
Transfer between reserves	-	(174)	174	-	-	-
Dividend paid	-	-	-	-	(367)	(367)
At 31st December 2011	28,556	(18,178)	640	11,018	8,706	19,724
At 1st January 2012	28,556	(18,178)	640	11,018	8,706	19,724
Profit for the year ended 31 st 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	-	-	-
Dividends paid	-	(632)	-	(632)	(807)	(1,439)
At 31st December 2012	28,556	(18,155)	728	11,129	9,013	20,142

The accompanying notes form part of these financial statements.

PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ending 31st December 2012 the parent company of the Group was Oriental Technologies Investment Limited.

	Note	The Company	
		2012	2011
		\$'000	\$'000
Results of the parent entity			
Profit / (Loss) for the period		352	(49)
Other comprehensive income		-	-
Total comprehensive income for the period		<u>352</u>	<u>(49)</u>
Financial position of parent entity at year end			
Current assets		679	970
Non-current assets	15	9,161	9,161
Total assets		<u>9,840</u>	<u>10,131</u>
Current liabilities		36	47
Total liabilities		<u>36</u>	<u>47</u>
Net Assets		<u>9,804</u>	<u>10,084</u>
Total equity of the parent entity comprising of:			
Share capital		28,556	28,556
Reserves		424	424
Accumulated losses		(19,176)	(18,896)
Total Equity		<u>9,804</u>	<u>10,084</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

1 CORPORATE INFORMATION

The financial report of Oriental Technologies Investment Limited for the year ended 31st December 2012 was authorised for issue in accordance with a resolution of the directors on 21 March 2013 and comprise the consolidated entity consisting of Oriental Technologies Investment Limited and its subsidiary (together referred to as the 'Group' or 'Consolidated Group') as required by the Corporations Act 2001. As permitted by the Corporations Act 2001, the separate financial statements of the parent entity, Oriental Technologies Investment Limited, have not been presented within the financial report.

The financial report is presented in Australian currency.

Oriental Technologies Investment Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

The address of the registered office and principal place of business is Level 12, 32 Martin Place Sydney NSW 2000.

For the name of the parent and the ultimate parent of the Group, refer to Note 27 of these financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB)

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Except for cash flow information, the financial report has been prepared on an accruals basis and is based on historical costs, including the measurement of land and buildings, except for financial assets and financial liabilities at fair value through profit or loss, which are measured at fair value as explained in the accounting policies.

The financial report of the Group complies with all International Financial Reporting Standards (IFRS) in their entirety.

The accounting policies set out below have been consistently applied to all years presented.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Oriental Technologies Investment Limited and its controlled entities at 31st December each year (**Group**). Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights. Potential voting rights that are currently exercisable or convertible are considered when assessing control. Consolidated financial statements include all subsidiaries from the date that control commences until the date that control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies.

Details of the controlled entity are contained in Note 16 of these financial statements. The controlled entity has a December financial year end.

All inter-company balances and transactions, including unrealised profits arising from intra-Group transactions have been eliminated. Unrealised losses are also eliminated unless costs cannot be recovered.

Non-controlling interests in the results and equity of the subsidiaries are shown separately in the consolidated statement of comprehensive income and consolidated statement of financial position respectively.

Subsidiaries are accounted for in the parent entity financial statements at cost, less impairment write downs.

Where controlled entities have entered or left the Group during the year, their operating results have been respectively included or excluded from the date control was obtained or until the date control ceased.

(c) Business Combinations

The Group has adopted AASB 3 *Business Combinations as amended* and AASB 127 *Consolidated and Separate Financial Statements as amended* for acquisitions of non-controlling interests. Under AASB 127, acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

(d) Foreign Currency Translation

The functional currency of Oriental Technologies Investment Limited is Australian Dollars and that of its Chinese subsidiary is Chinese Renminbi (RMB). The presentation currency is Australian Dollars (AUD).

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the reporting date. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in profit or loss.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

At the reporting date, the assets and liabilities of the overseas subsidiary are translated into the presentation currency of Oriental Technologies Investment Limited at the closing rate at reporting date and income and expenses are translated at the average exchange rates for the year. All resulting exchange differences are recognised as a separate component of equity (foreign currency translation reserve). On disposal of a foreign entity, the cumulative exchange difference recognised in the foreign currency translation reserve relating to that particular foreign operation is recognised in the statement of comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably and on the following bases:

Sale of Goods and Scrap Raw Material

Revenue from sales of goods and scrap raw material are recognised on transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered and title is passed to customers.

Interest

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to financial assets.

Dividends

Dividends are recognised when the right to receive payment is established.

(f) Taxation

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in China, where the Company's subsidiary operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(g) Impairment of Non-Financial Assets

At each reporting date, the Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment and land use rights may be impaired or impairment loss previously recognised no longer exists or may be reduced.

If any indication of impairment loss exists, the recoverable amount of the asset is estimated based on the higher of its fair value less cost to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest Group of assets that independently generates cash flows, a cash-generating unit.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Any impairment losses are immediately recognised as an expense.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of any impairment loss is immediately recognised as income.

(h) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

(i) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the reporting period are classified as current assets notwithstanding that the majority of sales are due upon presentation of an invoice.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The remaining sales are with credit terms ranging from 30 to 90 days, as well as on letter of credit. Collection of trade receivables is assessed on an on-going basis. Debts which are known to be uncollectible are written off. An allowance is made for doubtful debts where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(k) Property, Plant and Equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to the statement of comprehensive income during the year in which they are incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

The gain or loss arising from the retirement or disposal of property, plant and equipment is determined as the difference between the estimated net sales proceeds and the carrying amount of the assets and is recognised as an income or expense in the statement of comprehensive income.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives as set out below from the date on which they are available for use and after taking into account of their estimated residual values of 10%, using the straight-line method.

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on reasonable basis and depreciated separately:

Buildings and plant	20 years	Electronic equipment	5 years
Machinery	10 years	Other equipment	5 years
Motor vehicles	5 years	Moulds	5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. 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 item) is included in profit or loss in the year in which the item is derecognised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Construction in progress

Construction in progress is stated at cost less accumulated impairment losses. Cost includes all construction expenditure and other direct costs, including interest costs, attributable to such projects. Costs on completed construction works are transferred to the appropriate asset category.

No depreciation is provided in respect of construction in progress until it is completed and available for use.

Land usage right

Land usage right represents an amount paid for the acquisition of the right to use for a period of 50 years, land located in the People's Republic of China. Land usage right is carried at cost and amortised over the lease term.

(l) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases and capitalised at inception of the lease at the fair value of the leased property, or if lower, at 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 charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership of the net asset are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to the statement of comprehensive income in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(m) Goodwill

The Group has adopted AASB 3 *Business Combinations as amended* and AASB 127 *Consolidated and Separate Financial Statements as amended*.

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

(n) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and payment terms are between 30 and 60 days.

(o) Borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest basis.

All borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(p) Other Liabilities

Other liabilities comprise current amounts due to related parties that do not bear interest and are repayable at call.

(q) Borrowing Costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

(r) Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when a Group company becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when:

- (i) the Group's contractual rights to future cash flows from the financial asset expire; or
- (ii) when the Group transfers the contractual rights to future cash flows to a third party. A financial liability is derecognised only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial assets or financial liabilities are initially recognised at their fair value plus, in the case of financial assets or financial liabilities not carried at fair value through profit or loss, transaction costs that are direct attributable to the acquisition or issue of the financial assets or financial liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets or financial liabilities at fair value through profit or loss

Financial assets or financial liabilities at fair value through profit or loss include financial assets or financial liabilities held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. They are carried at fair value, with any resultant gain and loss recognised in profit or loss.

Financial assets or financial liabilities are classified as held for trading if they are:

- (i) acquired principally for the purpose of selling in the near future;
- (ii) part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- (iii) derivatives that are not financial guarantee contracts or not designated and effective hedging instruments.

Financial assets or financial liabilities are designated at initial recognition as at fair value through profit or loss if:

- (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis; or
- (ii) they are part of a group of financial assets and / or financial liabilities that are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or
- (iii) they contain embedded derivatives that would need to be separately recorded.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Loans and receivables

Loans and receivables including trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except where receivables are interest-free loans and without any fixed repayment term or the effect of discounting would be insignificant. In such case, the receivables are stated at cost less impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition over the year to maturity. Gains and losses arising from de-recognition, impairment or through the amortisation process are recognised in profit or loss.

Financial Liabilities

The Group's financial liabilities include trade and other payables and bank borrowings. All financial liabilities, except for any derivatives, are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of Financial Assets

At each reporting date, the Group assesses whether there is objective evidence that financial assets, other than those at fair value through profit and loss, are impaired. Any impairment loss of financial assets carried at amortised cost is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. Such impairment loss is reversed in subsequent periods through profit or loss when an increase in the asset's recoverable amount can be related

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(s) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(t) Employee Benefits

Provision is made for the Group's liabilities for employee benefits arising from services rendered by employees to the reporting date. Employee benefits expected to be settled within one year are measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year are measured at the present value of the estimated future cash outflows to be made for those benefits.

Short term employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Retirement benefits scheme

Payments by YABC made to state-managed retirement benefit schemes are dealt in the same manner as payments to defined contribution plans, as the Group's obligations under the schemes are similar to those arising in a defined contribution retirement benefit plan, and are charged as expenses as they fall due.

(u) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(v) Contributed Equity

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit.

(w) Share Based Payments

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for options over shares ("equity-settled transactions"). The following plan is currently in place to provide these benefits:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- The Orientech Employee Share Option Plan (ESOP) which provides benefits to employees. *Share Options Granted on or After 7 November 2002 and Vested After 1 January 2005*
The fair value of options granted under the Orientech Employee Share Option Plan is recognised as an employee benefit expense with a corresponding increase in equity (share option reserve).

The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. Fair value is determined using a Black-Scholes option pricing model. In determining fair value, no account is taken of any performance conditions other than those related to the share price of Oriental Technologies Investment Limited ("market conditions"). This expense is recognised at grant date, when these options also vest.

Where the terms of options are modified, a further expense is recognised for any increase in fair value of the transaction.

If new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement options are treated as if they were a modification.

(x) Earnings or Losses Per Share

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of Oriental Technologies Investment Limited (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the financial year.

For the purpose of calculating diluted earnings per share, profit or loss attributable to ordinary equity holders of Oriental Technologies Investment Limited and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

Profit or loss attributable to ordinary equity holders of Oriental Technologies Investment Limited is adjusted by the after-tax effect of:

- (i) any dividends or other items related to dilutive potential ordinary shares deducted in arriving at profit or loss attributable to ordinary equity holders of Oriental Technologies Investment Limited;
- (ii) any interest recognised in the period related to dilutive potential ordinary shares ; and
- (iii) any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares.

(y) Segment Reporting

The Group determines and presents operating segments based on the information that internally is provided to the Managing Director, who is the Group's chief operating decision maker. This is due to the adoption of AASB 8 *Operating Segments*. The accounting policy in respect of segment operating disclosures is presented as follows.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Segment results that are reported to the Group's Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(z) Presentation of Financial Statements

The Group applies AASB 101 *Presentation of Financial Statements*. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

(aa) Accounting Standards Issued But Not Yet Effective

There are no Australian Accounting Standards issued but not yet effective that would materially impact upon the financial statements. For more details refer to Note 29 of these financial statements.

(bb) Rounding of Amounts

The company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission relating to rounding of amounts in the financial report. Amounts have been rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

3 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

Activities undertaken by Oriental Technologies Investment Limited and its subsidiary may expose the Group to market risk, credit risk, liquidity risk and fair value and cash flow interest rate risk. The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material.

The Group's principal financial instruments comprise cash at bank and bank borrowings. The main purpose of these financial instruments is to raise and maintain finance for the Group's operations. The Group has various other financial instruments such as trade and other receivables and trade and other payables, which arise directly from its business activities.

The main risks arising from the Group's financial instruments are market risk (including interest rate risk and foreign currency risk), liquidity risk and credit risk. The Group does not have any written risk management policies and guidelines. However, management generally adopts conservative strategies on its risk management and limits the Group's exposure to these risks to a minimum. Management reviews and agrees policies for managing each of these risks and they are summarised below. The Group also monitors the market price risk arising from all financial instruments.

Notes to and forming part of the financial statements for the year ended 31st December 2012

3 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (continued)

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Company's short-term bank borrowings. The interest rates and terms of repayment of which have been disclosed in Note 20 to the financial statements. Management does not expect any significant interest rate risk as at the end of the reporting period.

At the end of the reporting period, if interest rates had been 100 basis point higher / lower and all other variables were held constant, the Group's net profit would decrease / increase by RMB 50,000, which is equivalent to AUD 8,000, (2011 RMB 680,000 equivalent to AUD 103,000), but there would be no impact on the other equity reserves.

This sensitivity analysis has been determined assuming that the change in interest rates occurred at 31st December 2012 and applies to exposure to interest rate risk of all the Group's financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the year ending 31st December 2012.

This analysis was performed on the same basis as for the year ending 31st December 2011.

Foreign currency risk

The functional currency of Yangzhou Apollo Battery Co Limited (**YABC**) is Chinese Renminbi (RMB), which is re-stated to Australian Dollars (AUD). Refer Note 2 (d). For the year ended 31st December 2012, this re-statement resulted in a loss of \$159,000 (2011 \$559,000 profit) recognised as a separate component of equity (foreign currency translation reserve).

The Group's trading foreign currency exposures arise mainly from the exchange rate movements of US dollars, Euros and Chinese Renminbi. There was a Group trading foreign currency gain for the year ended 31st December 2012 totalling \$535,000 (2011 \$343,000). By hedging foreign currency exposure using forward foreign currency contracts, YABC generated a foreign currency gain for the year ended 31st December 2012 totalling \$535,000 (2011 \$343,000).

Notes to and forming part of the financial statements for the year ended 31st December 2012

3 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (continued)

Details of the Group's financial assets and financial liabilities denominated in foreign currencies as at 31st December were as follows:

	Group	
	2012	2011
	\$'000	\$'000
Bank		
US dollars	1,802	22
Euros	587	191
Renminbi	4,588	7,866
	<u>6,977</u>	<u>8,079</u>
Trade & other receivables		
US dollars	5,091	649
Euros	753	464
Renminbi	3,541	10,301
	<u>9,385</u>	<u>11,414</u>
Trade & other payables		
US dollars	(92)	-
Euros	(1)	-
GB pounds	(3)	-
Renminbi	(5,095)	(5,966)
	<u>(5,191)</u>	<u>(5,966)</u>
Net foreign exchange exposure		
US dollars	6,801	671
Euros	1,339	655
GB pounds	(3)	-
Renminbi	3,034	12,201
	<u>11,171</u>	<u>13,527</u>

Sensitivity analysis

At the end of the reporting period, if Renminbi had weakened/strengthened by 2% (2011: 2%) against the US dollar with all the other variables held constant, the Group's net profit for the year ended 31st December 2012 would have been RMB 890,000, which is equivalent to AUD 137,000, (2011: RMB 515,000 equivalent to AUD 78,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar denominated bank balances and cash, trade and other receivables and trade and other payables, but there would be no impact on other equity reserves.

At the end of the reporting period, if Renminbi had weakened/strengthened by 2% (2011: 2%) against the Euro with all other variables held constant, the Group's net profit for the year ended 31st December 2012 would have been RMB175,000, which is equivalent to AUD 27,000, (2011: RMB 695,000 equivalent to AUD 106,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Euro-denominated, bank balances and cash and trade and other receivables, but there would be no impact on the other equity reserves.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to Group's exposure to currency risk for all financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual consolidated statement of financial position.

Notes to and forming part of the financial statements for the year ended 31st December 2012

3 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (continued)

If Renminbi had weakened/strengthened by 2% (2011 2%) against the Australian dollar with all the other variables held constant, the Group's net profit for the year ended 31st December 2012 would have been AUD 234,000 (2011 AUD 423,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Renminbi denominated bank and cash balances, trade and other receivables, and trade and other payables, but there would be no impact on other equity reserves.

In addition, the Group is exposed to foreign currency risk primarily through maintaining certain Euro and USD bank deposits and trading derivative financial instruments, forward foreign exchange contracts.

At 31st December 2012, the Group had entered into forward foreign exchange contracts to sell USD and EUR, with their notional amount analysed by maturity as follows:

Short Position with maturity	2012 USD000	2012 EUR000	2012 AUD000	2011 USD000	2011 EUR000	2011 AUD000
Within 3 months	-	900	1,134	-	-	-
Over 3 months but within 6 months	1,700	-	1,631	-	-	-
Over 6 months but within 1 year	-	-	-	-	-	-
	<u>1,700</u>	<u>900</u>	<u>2,765</u>	-	-	-

As at 31st December 2012 YABC had an embedded derivative liability totalling RMB 100,000, which is equivalent to AUD 15,000, (2011 AUD Nil), for financial assets at fair value through profit or loss.

Liquidity risk

Liquidity risk refers to the risk in which the Group is unable to meet its short-term obligations. Liquidity risk is managed by matching the payment and receipt cycles. The Group's operations are financed mainly through operating cash flows, equity and bank borrowings.

In addition, the Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. The maturity profile of the Group's liabilities at the reporting date based on contractual undiscounted payments is summarised below:

	Less than 3 months \$'000	3 to 12 months \$'000	Over 12 months \$'000	Contractual cash flows \$'000	Carrying amount \$'000
2012					
Interest bearing borrowings	767	17,871	-	18,638	18,057
Trade and other payables	5,228	-	-	5,228	5,228
	<u>5,995</u>	<u>17,871</u>	-	<u>23,866</u>	<u>23,285</u>
2011					
Interest bearing borrowings	7,879	12,781	-	20,660	20,114
Trade and other payables	6,013	-	-	6,013	6,013
	<u>13,892</u>	<u>12,781</u>	-	<u>26,673</u>	<u>26,127</u>

Notes to and forming part of the financial statements for the year ended 31st December 2012

3 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (continued)

Credit risk

Credit risk refers to the risk that debtors will default on their obligations to repay the amounts due to YABC, resulting in a loss to the Group. YABC's credit risk is primarily attributable to trade receivables and bank balances.

The majority of the Group's sales are due upon the presentation of an invoice. The remaining sales are with credit terms ranging from 30 days to 90 days as well as on letter of credit. Included in the Group's trade receivable balance are debtors with a carrying amount of RMB 29,321,000, which is equivalent to AUD 4,487,000 (2011 RMB 9,638,000 - equivalent to AUD 1,491,000), which are past due at 31st December 2012 but are not considered impaired as there has not been a significant change in credit quality and YABC's management believes that the amounts are still considered receivable. These relate to major customers for whom there is no recent history of default. The Company does not hold any collateral over these balances. At 31st December 2012, these trade receivables were aged as follows:

	2012 RMB'000	2012 \$'000	2011 RMB'000	2011 \$'000
Current	28,949	4,430	60,734	9,397
Less than 1 month overdue	19,630	3,004	7,445	1,152
1 to 2 months overdue	6,243	955	1,700	263
2 to 3 months overdue	2,411	369	91	14
Over 3 months overdue	1,037	159	402	62
	29,321	4,487	9,638	1,491
	58,270	8,917	70,372	10,888

At 31 December 2012, the Group had a concentration of credit risks of 19% (2011 27%) and 54% (2011 73%) 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.

Receivables that were neither past due nor impaired related to a wide range of customers from whom there was no history of default.

The Group trades only with recognised, creditworthy third parties. In extending credit terms to customers, the Group has carefully assessed creditworthiness and financial standing of each customer. YABC's management also closely monitors all outstanding debts and periodically reviews the collectability of trade debtors. The maximum exposure to credit risk is presented by the carrying amount of each financial asset.

The Group's bank balances and restricted bank balances are placed with credit-worthy banks in the People's Republic of China and Australia.

Fair value

The fair value of forward foreign exchange contracts is calculated as the present value of expected future cash flows relating to the difference between the contract rates and the market forward rates at 31st December 2012.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by

Notes to and forming part of the financial statements for the year ended 31st December 2012

3 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (continued)

discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The following presents the carrying value of financial instruments measured at fair value at 31st December 2012 across the three levels of the fair value hierarchy defined in *AASB 7, Financial Instruments: Disclosures*, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments;
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data;
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

	2012	Level 3	2011	
	RMB'000	\$'000	RMB'000	\$'000
Liabilities measured at fair value				
Financial assets at fair value through profit or loss				
- Embedded derivative	100	15	-	-

Capital management

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to provide returns for shareholders. The Group manages its capital structure, including any payment of dividend, return of capital to shareholders, raising additional capital, or selling assets to reduce debt.

The Group monitors capital on the basis of debt to equity, which is net debt divided by equity. The debt to equity ratios at 31st December 2012 were as follows:

Group	2012	2011
	\$'000	\$'000
Borrowings	18,057	20,414
Trade and other payables	5,228	6,013
Less: Cash at bank	(7,628)	(9,002)
Net debt	15,657	17,425
Equity	20,142	19,724
Net Debt / Equity	78%	88%

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Allowance for inventories

At each reporting date, the Group's management reviews the condition of inventories as stated in Note 14 to these financial statements, and make allowance for inventories that are identified as obsolete, slow-moving or no longer recoverable or suitable for use in production. The Group carries out an inventory review on a product-by-product basis and makes allowances by reference to the latest market price and current market conditions.

Allowance for bad and doubtful debts

The provisioning policy for bad and doubtful debts of the Group is based on the evaluation by management of collectability of the accounts receivable. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including assessing the current creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance would be required.

Income Tax

The Group is subject to income taxes in Australia and China. Significant judgement is required in determining the provisioning for income taxes. The Group recognises liabilities for anticipated tax based upon estimates of whether taxes will be due. Where the final tax outcome of these matters is different from the amount initially recorded, such differences will impact the current and deferred income tax provisions in the period in which the determination is made.

Critical accounting estimates and assumptions

There are no critical accounting estimates and assumptions about the future made by management at the reporting date other than as disclosed elsewhere in these Financial Statements.

5 SEGMENT REPORTING

Description of segments

The Group's reporting format is geographical segments. Reporting by business segment is not necessary, due to the nature of this operation.

Although managed globally, the Group operates in three principal geographical areas – China, Australia and Europe. 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 and Australia - a People's Republic of China entity controlled by Oriental Technologies Investment Limited exports a broad range of its products to Europe and Australia.

4 SEGMENT REPORTING (continued)

Reporting format - Geographical segments

Chief Operating Decision Maker (CODM)

The CODM is Dr Xinsheng Wang, Managing Director.

Description of segments

The Group's reporting format is geographical segments. Reporting by business segment is not necessary, due to the nature of this operation.

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

- i) China - Oriental Technologies Investment Limited operates a lead acid battery manufacturing plant in China and makes local sales.
- ii) Europe and Australia - Oriental Technologies Investment Limited exports a broad range of its products to Europe and Australia.

Oriental Technologies Investment Limited only manufactures lead acid batteries in China, so:

- i) 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;
- ii) Included within Note 17 to these financial statements is the following information relating to assets:
 - a) The acquisition of Property, Plant & Equipment and Intangibles that is expected to be used over more than one period; and
 - b) The depreciation expenses for the assets; and
- iii) Reporting by business segment is not necessary, due to the nature of this operation.

Assets and Liabilities by Country

	China		Australia		Group	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'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	19,499	18,802	643	922	20,142	19,724

Other Disclosures

Segment accounting policies

Segment information is prepared in conformity with the accounting policies used as disclosed in Note 2 to these financial statements and accounting standard AASB 8 *Operating Segments*. Segment revenues and expenses are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis.

4 SEGMENT REPORTING (continued)

Geographical segments

2012	Europe \$'000	Australia \$'000	China \$'000	Middle East \$'000	Other \$'000	Total continuing operations \$'000	Inter-segment elimination/ Unallocated \$'000	Group \$'000
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
2011	Europe \$'000	Australia \$'000	China \$'000	Middle East \$'000	Other \$'000	Total continuing operations \$'000	Inter-segment elimination/ Unallocated \$'000	Group \$'000
Revenue								
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
Result								
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 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.

6 REVENUE

	Group	
	2012	2011
	\$'000	\$'000
From continuing operations		
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>

7 OTHER INCOME

Foreign currency gain	535	343
Gain on disposal of property, plant and equipment	6	25
Gain on financial instruments	-	23
Other	8	-
	<u>549</u>	<u>391</u>

8 EXPENSES

Profit before income tax includes the following specific expenses:

Amortisation, depreciation and Impairment expense

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>
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Defined contribution superannuation expense	<u>12</u>	<u>12</u>
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Finance Costs

Interest paid/payable	<u>1,225</u>	<u>1,316</u>
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Other Expenses:

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>

9 INCOME TAX EXPENSE

Pursuant to the relevant income tax laws of the People's Republic of China (PRC) applicable to wholly Foreign-owned Enterprise and Sino-foreign joint ventures enterprise in the PRC engaging in production in Yangzhou, Yangzhou Apollo Battery Co Limited (YABC) was fully exempt from the PRC enterprise income tax (EIT) for two years starting from the first profit making year followed by a 50% reduction of the EIT for the next three years commencing the first profitable year after offsetting all unexpired tax losses carried forward from the previous year. YABC commenced to derive profits during 2006 and accordingly, profits for the years up to 2010, if any, were subject to 50% of EIT rate.

On 16th March 2007, a New Enterprise Income Tax Law (NEITL) was issued in the PRC. Prior to the issuance of the NEITL, domestic enterprises (DE) and foreign invested enterprises (FIE) in the PRC were taxed under different enterprise income tax laws. The NEITL unifies the enterprise tax law applicable to both DE and FIE commencing in fiscal year beginning from 1st January 2008. The new enterprise income tax rates effective from 1st January 2008 are as follows:

Unified EIT rate effective 1 st January 2008	25%
Small scale / low profit enterprises	20%
High / new technology enterprises	15%

By virtue of the NEITL, YABC is subject to the unified EIT rate of 25% commencing from fiscal year 2008.

YABC is subject to the unified EIT rate of 25% under the NEITL commencing from fiscal year 2008. Since the 50% tax reduction which has already been obtained by YABC under the old tax laws was still maintained and the remaining tax holiday, which commenced before 2008, expired in 2010.

EIT is provided at the rate of 25% (2011: 25%) on YABC's estimated assessable profits during the year.

9 INCOME TAX EXPENSE (continued)

	Group	
	2012	2011
	\$'000	\$'000
Current tax expense	(1,267)	(1,049)
Deferred tax benefit	(36)	1
Total income tax expense in statement of comprehensive income	<u>(1,303)</u>	<u>(1,048)</u>

Deferred tax assets not recognised because it is not considered probable that there would be sufficient future taxable income to utilise these benefits³

<u>2,129</u>	<u>2,203</u>
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Reconciliation of the effective tax rate

Profit from continuing operations before income tax expense	3,327	3,867
Prima facie tax expense at the Australian tax rate of 30% (2011: 30%)	(998)	(1,160)
Unrecognised temporary differences	(39)	1
Non-deductible expenses	(379)	(105)
Prior year under-provision	(88)	-
Other	4	-
	<u>(1,500)</u>	<u>(1,264)</u>
Adjustment to reflect income tax payable at 25% (2011: 25%) for YABC subsidiary in China.	197	216
Income tax expense at effective tax rate of 39% (2011:16%)	<u>(1,303)</u>	<u>(1,048)</u>

10 EARNINGS PER SHARE

Reconciliation of earnings used in calculating earnings per share:

Earnings per share

Profit from continuing operations attributable to ordinary equity holders of Oriental Technologies Investment Limited used to calculate basic and diluted profit per share

<u>808</u>	<u>1,365</u>
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	Number	Number
Weighted average number of ordinary shares used in calculating basic profit per share	126,361,087	126,361,087
Adjustments for calculation of diluted profit per share:		
- options	9,180,328	19,652,406
Weighted average number of ordinary shares used in calculating diluted loss per share	<u>135,541,415</u>	<u>146,013,493</u>

³ At 31st December 2012, YABC tax losses totaling RMB 500,000 (2011 RMB 100,000), the equivalent of AUD 77,000 (2011 15,000), arising in the PRC can be offset against future taxable profits of YABC for a maximum of 5 years. YABC has not recognised a deferred tax asset in respect of tax losses because it is not probable that future taxable profit against which YABC can utilize a benefit.

11 AUDITOR'S REMUNERATION

	Group 2012	2011
	\$	\$
Assurance Services		
<i>Audit services</i>		
Amounts paid/payable to RSM Bird Cameron Partners for audit or review of the financial report for the entity or any entity in the Group	64,029	64,092
Amounts paid/payable to subsidiary auditors who are un-related to RSM Bird Cameron Partners for audit or review of the financial report for the entity or any entity in the Group	76,438	71,400
Total remuneration for assurance services	<u>140,467</u>	<u>135,492</u>
Taxation Services		
Amounts paid/payable to RSM Bird Cameron for non-audit taxation services performed for the entity or any entity in the Group:	5,500	7,000
Total remuneration for taxation services	<u>5,500</u>	<u>7,000</u>
Total remuneration	<u>145,967</u>	<u>142,492</u>

12 CASH AND CASH EQUIVALENTS

	Group 2012	2011
	\$'000	\$'000
Cash at bank and in hand		
Unrestricted	7,523	9,002
Restricted	105	-
Total	<u>7,628</u>	<u>9,002</u>
	% per annum	% per annum
Interest rates for cash at bank and in hand	<u>1.2</u>	<u>1.4</u>

13 TRADE AND OTHER RECEIVABLES (CURRENT)

	Group	
	2012	2011
	\$'000	\$'000
Trade receivables	8,917	10,888
Provision for doubtful debts	(37)	(36)
	<u>8,880</u>	<u>10,852</u>
Other debtors	533	597
	<u>9,413</u>	<u>11,449</u>

Included in the Group's trade receivable balances are debtors with a carrying amount of \$4,487,000 (2011 \$1,491,000) which are past due at 31st December but not considered impaired. Refer to Note 3 of these financial statements for more details.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

US dollar	5,091	649
Euro	753	464
Renminbi	3,541	10,301
	<u>9,385</u>	<u>11,414</u>
Australian dollar	28	35
	<u>9,413</u>	<u>11,449</u>

Interest rate risk

The Groups' exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the tables below:

	Floating rates	< 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	> 5 years	Non-interest bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2012									
Trade receivables	-	-	-	-	-	-	-	8,880	8,880
Other receivables	-	-	-	-	-	-	-	533	533
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,413</u>	<u>9,413</u>
Weighted average interest rate	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2011									
Trade receivables	-	-	-	-	-	-	-	10,852	10,852
Other receivables	-	-	-	-	-	-	-	597	597
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,449</u>	<u>11,449</u>
Weighted average interest rate	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

14 INVENTORIES (CURRENT)

At cost	Group	
	2012 \$'000	2011 \$'000
Raw materials	2,830	3,225
Work in progress	1,821	2,168
Finished goods	4,859	2,332
	<u>9,510</u>	<u>7,725</u>

15 OTHER FINANCIAL ASSETS (NON-CURRENT)

Investment in subsidiary (refer Note 16 of these financial statements)	Parent Entity	
	2012 \$'000	2011 \$'000
	9,161	9,161
	<u>9,161</u>	<u>9,161</u>

16 CONTROLLED ENTITY

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in Note 2 of these financial statements.

Name of entity	Country of incorporation	Class of shares	Equity holding ⁴		Parent Entity	
			2012 %	2011 %	2012 \$'000	2011 \$'000
Yangzhou Apollo Battery Co Limited	China	Ordinary	55.57	55.57	<u>9,161</u>	<u>9,161</u>

Yangzhou Apollo Battery Co Limited is incorporated and operates within the People's Republic of China (PRC) and is required to comply with the laws and regulations of the PRC. These PRC laws and regulations may, from time to time, restrict the ability of Yangzhou Apollo Battery Co Limited to transfer cash dividends to its Australian holding company, Oriental Technologies Investment Limited.

⁴ The proportion of ownership interest is equal to the proportion of voting power held.

17 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
<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 & 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	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

17 PROPERTY, PLANT AND EQUIPMENT (continued)

Land and Buildings

In the opinion of Directors and based upon a bank valuation for lending purposes, the market value of land usage rights and buildings at 31st December 2012 is approximately RMB 40 million or AUD 6 million (2011 approximately RMB 40 million or AUD 6 million).

18 TRADE AND OTHER PAYABLES (CURRENT)

	Group 2012 \$'000	2011 \$'000
CURRENT		
Unsecured liabilities		
Trade and sundry payables	5,228	6,013
	<u>5,228</u>	<u>6,013</u>

19 CURRENT TAX LIABILITY

Provision for income tax	357	494
	<u>357</u>	<u>494</u>

20 BORROWINGS (CURRENT)

Bank loans - secured	9,947	10,057
Bank loans - unsecured	8,110	8,200
Third party loan - unsecured	-	1,857
	<u>18,057</u>	<u>20,114</u>

Bank loans are with maturity periods not exceeding one year. Interest is charged on the outstanding balances of RMB 5,000,000 – equivalent to AUD 765,000 (2011: RMB 68,000,000 – equivalent to AUD 10,521,000) at the base lending rate published by the People's Bank of China (2011: at a range from 101% to 105% per annum of the base lending rate published by the People's Bank of China). Interest charged on the remaining outstanding balance RMB 113,000,000 – equivalent to AUD 17,292,000 (2011: RMB 50,000,000 – equivalent to AUD 7,736,000) is at fixed interest rates ranging from 6.0% to 6.9% per annum.

In November 2011, YABC entered into a loan agreement with an independent individual third party, for which a loan facility of RMB 25,000,000 (AUD 3,826,000) has been granted to YABC as YABC's working capital for a period of six months at interest rate of 8% per annum. During 2012, YABC drew down RMB 13,000,000 which is the equivalent of AUD 1,989,000, (2011: RMB 12,000,000 which is the equivalent of AUD 1,857,000). Total RMB 25,000,000 drawn down was repaid during the year ended 31st December 2012.

20 BORROWINGS (CURRENT) (continued)

(i) Loans

2012	Effective Interest Rate % pa	Group RMB'000	\$'000
Expiry Date			
13/01/2013	6.56%	5,000	765
20/04/2013	6.72%	10,000	1,531
27/05/2013	6.00%	5,000	765
27/05/2013	6.00%	5,000	765
27/05/2013	6.00%	6,000	918
27/05/2013	6.00%	9,000	1,377
8/06/2013	6.72%	8,000	1,224
8/06/2013	6.72%	5,000	765
7/07/2013	6.72%	5,000	765
9/07/2013	6.00%	8,000	1,224
9/07/2013	6.00%	9,000	1,377
18/07/2013	6.96%	10,000	1,531
12/08/2013	6.30%	5,000	765
11/09/2013	6.90%	6,500	995
11/09/2013	6.60%	3,500	535
19/10/2013	6.30%	10,000	1,531
2/11/2013	6.30%	8,000	1,224
		<u>118,000</u>	<u>18,057</u>
2011			
Expiry Date			
17/01/2012	5.04%	5,000	774
1/02/2012	5.81%	5,000	774
11/02/2012	6.06%	9,000	1,392
14/02/2012	6.06%	6,000	928
16/02/2012	6.06%	5,000	774
22/02/2012	6.06%	9,000	1,392
2/03/2012	6.06%	8,000	1,238
22/03/2012	7.27%	3,500	541
13/05/2012	6.50%	10,000	1,547
23/05/2012	6.50%	10,000	1,547
5/06/2012	6.67%	12,000	1,857
6/06/2012	7.26%	6,500	1,006
15/06/2012	6.50%	5,000	774
3/07/2012	6.76%	8,000	1,238
13/10/2012	6.63%	5,000	774
23/10/2012	5.56%	10,000	1,547
2/11/2012	5.04%	8,000	1,237
7/11/2012	6.63%	5,000	774
		<u>130,000</u>	<u>20,114</u>

20 BORROWINGS (CURRENT) (continued)

(ii) Assets pledged as security

	Group	
	2012	2011
	\$'000	\$'000
Secured by land usage rights	839	871
Secured by building leasehold	3,826	4,220
	<u>4,665</u>	<u>5,091</u>

Since 31st December 2012 and to the date of this report:

1. All loans expiring during the period have been repaid or rolled over; and
2. Assets pledged by the Group as security remain land usage rights and building leasehold.

(iii) Financing arrangements

The following credit stand-by loan arrangements were available at the reporting date.

	Group	
	2012	2011
	\$'000	\$'000
Total facilities:		
Used at reporting date	18,057	20,114
Unused at reporting date	-	2,011
	<u>18,057</u>	<u>22,125</u>

(iv) Interest rate risk exposures

The Groups' exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the tables below:

2012

	Floating rates		Fixed rates					Non-interest bearing	Total
	< 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	> 5 years			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Bank loans	-	18,057	-	-	-	-	-	-	18,057
Third party loan	-	-	-	-	-	-	-	-	-
	-	18,057	-	-	-	-	-	-	18,057
Weighted average interest rate	6.4%		-	-	-	-	-	-	6.4%

20 BORROWINGS (CURRENT) (continued)

2011

	Floating rates		Fixed rates					Non-interest bearing \$'000	Total \$'000
	< 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	> 5 years			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000			
Bank loans	10,521	7,736	-	-	-	-	-	-	18,257
Third party loan	-	1,857	-	-	-	-	-	-	1,857
	<u>10,521</u>	<u>9,593</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,114</u>
Weighted average interest rate	6.1%		-	-	-	-	-	-	6.1%

(v) Fair value

The carrying amounts and fair values of interest-bearing liabilities at reporting date are:

	Group 2012 \$'000	2011 \$'000
Interest bearing borrowings	<u>18,057</u>	<u>20,114</u>
	<u>18,057</u>	<u>20,114</u>

21 ISSUED CAPITAL

	2012 Number of Shares	\$'000	2011 Number of Shares	\$'000
Share capital				
Ordinary shares – no par value				
Fully paid and authorised	<u>126,361,087</u>	<u>28,556</u>	<u>126,361,087</u>	<u>28,556</u>
	<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-Jan-11	Opening balance	<u>126,361,087</u>	<u>28,556</u>
31-Dec-11	Closing balance	<u>126,361,087</u>	<u>28,556</u>
1-Jan-12	Opening balance	<u>126,361,087</u>	<u>28,556</u>
31 Dec -12	Closing balance	<u>126,361,087</u>	<u>28,556</u>

21 ISSUED CAPITAL (continued)

Employee option plan

Details of the employee option plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year are set out in Note 26 of these financial statements.

Ordinary shares

A dividend may be declared and would be paid on all ordinary shares in proportion to the number of ordinary shares and the amounts paid up, or deemed to be paid up, on these shares. Any proceeds on winding up, where assets are insufficient, would be distributed to the members in proportion to the number of ordinary shares and the amounts paid up on these shares.

At a general meeting every shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and one vote for each share held on a poll.

22 RESERVES AND ACCUMULATED LOSSES

	Group	
	2012	2011
	\$'000	\$'000
(i) Other reserves		
General reserve	917	766
Foreign currency translation reserve	(613)	(550)
Share option reserve	424	424
	<u>728</u>	<u>640</u>
a) General reserve		
Balance at start of year	766	591
Transfer from accumulated losses	273	315
Transfer to non-controlling interests	(122)	(140)
Balance at end of year	<u>917</u>	<u>766</u>
b) Foreign currency translation reserve		
Balance at start of year	(550)	(836)
Currency translation differences	(159)	559
Transfer to non-controlling interests	96	(273)
Balance at end of year	<u>(613)</u>	<u>(550)</u>
c) Share option reserve		
Balance at start of year	424	424
Balance at end of year	<u>424</u>	<u>424</u>
(ii) Accumulated losses		
Balance at start of year	(18,178)	(19,369)
Dividend paid	(632)	-
Transfer to general reserve	(273)	(315)
Transfer from non-controlling interests	121	140
Net profit for the year	808	1,365
Other - rounding	(1)	1
Balance at end of year	<u>(18,155)</u>	<u>(18,178)</u>

22 RESERVES AND ACCUMULATED LOSSES (continued)

a) General reserve

In accordance with the relevant laws and regulations of the People's Republic of China (PRC), wholly foreign owned enterprises established in the PRC must maintain statutory reserves for specific purposes. The Board of Directors of Yangzhou Apollo Battery Co Ltd (YABC) determines on an annual basis the amount of these annual appropriations to statutory reserves. During the year ended 31st December 2012, 10% (2011 10%) of YABC's profit reported, by the statutory financial statements required by the laws and regulations of the PRC, was required to be appropriated to reserves. At 31st December 2012 and 31st December 2011, this general reserve related entirely to YABC.

b) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences on translation of foreign controlled subsidiary. The reserve is recognised in the statement of comprehensive income when the investment is disposed.

c) Share option reserve

The share option reserve is used to recognise the fair value of options issued to employees but not exercised.

23 NON-CONTROLLING INTERESTS

Non-controlling interests in:	Group	
	2012 \$'000	2011 \$'000
Share capital	7,201	7,201
General reserve	591	470
Foreign currency translation reserve	(73)	22
Accumulated profits	1,294	1,013
	<u>9,013</u>	<u>8,706</u>

24 FINANCIAL INSTRUMENTS

Risk Management Policies

Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business. Derivative financial instruments are used. Refer to Note 3 of these financial statements for more details.

Credit risk

Management has a credit policy in place and this exposure to credit risk is monitored on an ongoing basis. Export shipments to customers are made by letter of credit. The Group does not require collateral in respect of financial assets.

Refer to Note 3 of these financial statements for more detail about concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Notes to and forming part of the financial statements for the year ended 31st December 2012

24 FINANCIAL INSTRUMENTS (continued)

Interest rate risk

The Group adopts a policy of ensuring that some part of its exposure to changes in interest rates on borrowings is on a fixed rate basis. Refer to Note 20 of these financial statements for more details

The following is the carrying amount of the financial instruments, assets/ (liabilities) that are exposed to interest rate risk:

2012	Less than 3 months \$'000	3 to 12 months \$'000	Over 12 months \$'000	Contractual cash flows \$'000	Carrying amount \$'000	Effective Interest Rate % per annum
<i>Fixed rate</i>						
Interest bearing borrowings	(765)	(17,292)	-	(18,057)	(18,057)	6.4
Cash at bank and on hand	7,628	-	-	7,628	7,628	1.2
<hr/>						
2011	Less than 3 months \$'000	3 to 12 months \$'000	Over 12 months \$'000	Contractual cash flows \$'000	Carrying amount \$'000	Effective Interest Rate % per annum
<i>Fixed rate</i>						
Interest bearing borrowings	(7,879)	(12,781)	-	(20,660)	(20,114)	6.1
Cash at bank and on hand	9,002	-	-	9,002	9,002	1.4
<hr/>						

Refer to Note 3 of these financial statements for further information about financial instrument policies and objectives.

Refer Note 20 of these financial statements for a summary of used and unused interest bearing loan facilities; details of loan fair values; and floating interest rates.

25 CASH FLOW INFORMATION

Reconciliation of profit from continuing operations to net cash flow from operating activities	Group	
	2012 \$'000	2011 \$'000
Profit from continuing operations for the year	2,024	2,819
Non-cash flows in profit		
Depreciation expense	2,676	2,323
Impairment benefit	(7)	(7)
Gain on sale of property, plant and equipment	(6)	(25)
Loss on financial instruments	-	4
Net foreign exchange differences	(147)	100
Changes in assets and liabilities		
Decrease / (Increase) in receivables	2,035	(3,593)
(Increase) / Decrease in inventories	(1,785)	5,809
Decrease in trade & other payables	(787)	(3,446)
(Decrease) / Increase in provisions	(136)	464
Net cash inflow from operating activities	<u>3,867</u>	<u>4,448</u>

26 SHARE-BASED PAYMENTS

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

Series 3 Options ⁵	Weighted average exercise price			
	2012 Cents per Share	2011 Cents per Share	2012 Number	2011 Number
Balance at 1 st January	7.0	7.0	10,500,000	10,500,000
Expired during year	(7.0)	-	(10,500,000)	-
Balance at 31 st December	-	7.0	-	10,500,000
Exercisable at 31 st December	-	7.0	-	10,500,000

The weighted average share price at the date of exercise of the options was Nil cents for the year ended 31st December 2012 (2011: 7.0 cents). The weighted average remaining contractual life of share options outstanding at 31st December 2012 was Nil months (2011: 10 months).

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 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.

⁵ Grant date 16th November 2007. Exercise period 5 years ended 15th November 2012. Exercise price 7.0 cents per ordinary fully paid share.

27 RELATED PARTY TRANSACTIONS

The Group consists of Oriental Technologies Investment Limited and its subsidiary Yangzhou Apollo Battery Co Limited. The ownership interest in this subsidiary is set out in Note 16 of these financial statements.

Oriental Technologies Investment Limited, the parent entity, operates as a funding and management company for its subsidiary Yangzhou Apollo Battery Co Limited. Transactions between entities within the Group are on normal commercial terms and conditions.

Parent entity

The ultimate Australian parent entity and ultimate parent entity is Oriental Technologies Investment Limited, which at 31st December 2012 owned 55.57% of Yangzhou Apollo Battery Co Limited in China (2011 55.57%).

Key management personnel compensation

Refer to the Remuneration Report section of the Directors' Report, which has been identified as audited.

Specified Directors

The names of specified directors for the reporting period were as follows:

Gerard McMahon	Xinsheng Wang
Lawrence Luo-Lin Xin	George Su Su

Related party transactions with Directors

- (i). Remuneration, retirement benefits and service agreements

During the year ended 31st December 2012, an annual technical assistance fee relating to the operation in the Yangzhou Apollo Battery Co Limited (**YABC**) was payable to Red Investment & Development Limited, a company of which Mr. Lawrence Xin is a director.

A monthly payment was made to Red Investment & Development Limited (**RIDL**) in respect of review and sourcing new business for the Company's operations in China.

Total fees paid and payable to RIDL during the year ended 31st December 2012 amounted to \$162,500 (2011 \$150,000).

- (ii). Transactions of Directors and Director-related entities concerning shares

The aggregate number of ordinary shares held directly or indirectly by Directors or their Director-related entities at 31st December 2012 was 55,998,301 (2011: 55,998,301).

The aggregate number of unissued ordinary shares held directly or indirectly by Directors or their Director-related entities under options at 31st December 2012 was Nil (2011 10,000,000).

Notes to and forming part of the financial statements for the year ended 31st December 2012

27 RELATED PARTY TRANSACTIONS (continued)

The movement during the reporting period in the number of securities of Oriental Technologies Investment Limited held, directly, indirectly or beneficially, by each specified director and specified executive, including their personally-related entities is as follows:

	Securities	Number Held at 1 January	Expired	Number Held at 31 December
2012				
Directors				
Gerard McMahon	Series 3 unquoted options	3,000,000	(3,000,000)	-
	Ordinary fully paid shares	498,301	-	498,301
Lawrence Luo-Lin Xin	Ordinary fully paid shares	44,400,000	-	44,400,000
	Series 3 unquoted options	3,000,000	(3,000,000)	-
Xinsheng Wang	Ordinary fully paid shares	11,100,000	-	11,100,000
	Series 3 unquoted options	3,000,000	(3,000,000)	-
George Su Su	Series 3 unquoted options	1,000,000	(1,000,000)	-
Company Secretary				
Ian Morgan	Series 3 unquoted options	500,000	(500,000)	-
2011				
Directors				
Gerard McMahon	Series 3 unquoted options	3,000,000	-	3,000,000
	Ordinary fully paid shares	498,301	-	498,301
Lawrence Luo-Lin Xin	Ordinary fully paid shares	44,400,000	-	44,400,000
	Series 3 unquoted options	3,000,000	-	3,000,000
Xinsheng Wang	Ordinary fully paid shares	11,100,000	-	11,100,000
	Series 3 unquoted options	3,000,000	-	3,000,000
George Su Su	Series 3 unquoted options	1,000,000	-	1,000,000
Company Secretary				
Ian Morgan	Series 3 unquoted options	500,000	-	500,000

The terms and conditions of the grant of series 3 options are outlined in Note 26 of these financial statements.

A company related to Dr Xinsheng Wang, Indeveno Industries Pty Ltd, is a minority shareholder of Yangzhou Apollo Battery Company Limited (YABC). Indeveno Industries Pty Ltd controls 44.43% of YABC's total paid-up capital.

Loans receivable from related parties are unsecured and are free of interest. They are repayable at call. No provisions for doubtful debts have been recognised on these outstanding balances, nor have any bad debt expenses been incurred. The loan owing to the wholly owned subsidiary is unsecured, interest free, and repayable at call.

28 CAPITAL AND LEASING COMMITMENTS

	Group 2012 \$'000	2011 \$'000
Machinery costs contracted but not provided net of deposit paid in financial statements:		
Within one year	3	53
Later than one year but not later than 5 years	-	-
Later than 5 years	-	-
	<u>3</u>	<u>53</u>

29 NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

30 KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation made to key management personnel of the company and the Group is set out below:

	Group 2012 \$	2011 \$
Short-term employee benefits	225,326	224,158
Post-employment benefits	11,970	11,970
	<u>237,296</u>	<u>236,128</u>

31 SUBSEQUENT EVENTS

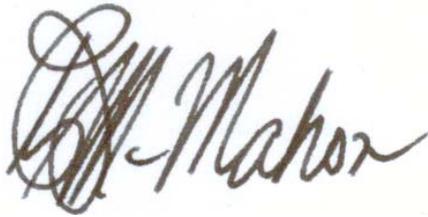
The Directors are not aware of any matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the Group's operations, the results of these operations or the Group's state of affairs in future financial years.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and accompanying notes, and the Remuneration report in the Directors' Report, set out on pages 6 to 8, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 31st December 2012 and of the performance for the year ended on that date of the Consolidated Group.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

A handwritten signature in dark ink, appearing to read 'Gerard McMahon', is written over a light-colored rectangular background.

Gerard McMahon
Chairman of the Board

21 March 2013

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ORIENTAL TECHNOLOGIES INVESTMENT LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Oriental Technologies Investment Limited, which comprises the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2a, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Oriental Technologies Investment Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Oriental Technologies Investment Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2a

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 8 of the directors' report for the year ended 31 December 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Oriental Technologies Investment Limited for the year ended 31 December 2012 complies with section 300A of the *Corporations Act 2001*.



RSM BIRD CAMERON PARTNERS



C J HUME
Partner

Sydney NSW

Dated: 22nd March 2013

SHAREHOLDERS' INFORMATION

At 28th February 2013 issued capital was 126,361,087 ordinary shares held by 510 holders. At a general meeting every shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and one vote for each share held on a poll.

20 largest holders of ordinary shares and their holdings at 1st March 2013

Rank	Name	Number of Shares	% of Total Shares
1.	RED INVESTMENT & DEVELOPMENT LTD	44,400,000	35.1%
2.	DYNAMIC FORD LIMITED	23,280,000	18.4%
3.	MS HONG YANG	11,100,000	8.8%
4.	WIRTZ FAMILY INVESTMENT COMPANY	10,009,000	7.9%
5.	CHINA VENTURETECHNO INTERNATIONAL CO LIMITED	4,978,627	3.9%
6.	RED LION RESOURCES LIMITED	4,498,455	3.6%
7.	H F STEVENSON (AUST) P/L	3,404,346	2.7%
8.	MR ADRIAN ROBERT NIJMAN + MRS JENNY ANN NIJMAN	2,778,500	2.2%
9.	BERNARD MARIE FRANCOIS LE CLEZIO <BMF LECLEZIO SUPER FUND A/C>	2,100,000	1.7%
10.	INVIA CUSTODIAN PTY LIMITED <SE & RD SUPER FUND A/C>	1,405,977	1.1%
11.	MR MAKRAM HANNA + MRS RITA HANNA <HANNA & CO P/L SUPER A/C>	1,384,000	1.1%
12.	SASSEY PTY LTD <AVAGO SUPERANNUATION A/C>	635,000	0.5%
13.	MR KEVIN JOHN HOLMAN	600,000	0.5%
14.	MR JOHN O WIRTZ	600,000	0.5%
15.	MR JOSEPH RENE HERBERT MAINGARD COUACAUD	500,000	0.4%
16.	RUNNING WATER LIMITED	500,000	0.4%
17.	MR GERARD JOSEPH MCMAHON	498,301	0.4%
18.	CAPRICORN SOCIETY LTD	450,000	0.4%
19.	LADY PENELOPE PATRICIA STREET	437,500	0.3%
20.	MR MARIO LEO VOLPE	370,233	0.3%
Total		113,929,939	90.2%

Distribution of Holders and Holdings at 28th February 2013

Range	Total holders	Number of Shares	% of Total Shares
1 - 1,000	58	43,718	0.03
1,001 - 5,000	187	568,633	0.45
5,001 - 10,000	63	547,600	0.43
10,001 - 100,000	154	6,139,833	4.86
100,001 - 9,999,999,999	48	119,061,303	94.22
Rounding			0.01
Total	510	126,361,087	100.00

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum \$ 500.00 parcel at \$ 0.03 per unit	16,667	336	1,528,306

Oriental Technologies Investment Limited – Annual Report 2012

Shareholder Information (continued)

Substantial shareholders at 28th February 2013:

SUBSTANTIAL SHAREHOLDERS	NUMBER OF SHARES	PROPORTION OF ISSUED SHARES
Red Investment & Development Limited	44,400,000	35.1%
Dynamic Ford Limited	23,280,000	18.4%
Ms Hong Yang	11,100,000	8.78%
Wirtz Family Investment Company LLC	10,009,000	7.9%
Cheng Kam Biu, Wilson	9,477,082	7.5%

SECURITIES EXCHANGE LISTING

The Company's ordinary shares are listed on the Australian Securities Exchange.

SHARE REGISTRAR

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Investor enquiries: (within Australia)
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COMPANY SECRETARY

Ian Morgan BBus (NSW Institute of Technology), MComLaw (Macquarie University), Grad Dip App Fin (Securities Institute of Australia), CA, ACIS, CSA, MAICD, FFin.