



ORIENTAL TECHNOLOGIES INVESTMENT LIMITED

ABN 13 060 266 248

ANNUAL REPORT

31 DECEMBER 2015

DIRECTORS' REPORT	2
Directors.....	2
Officer's Qualifications, Experience and Special Responsibilities	2
REMUNERATION REPORT	4
Principles of compensation	4
Remuneration of directors and specified executives.....	4
AUDITOR'S INDEPENDENCE DECLARATION	10
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	11
STATEMENT OF FINANCIAL POSITION.....	12
CASH FLOW STATEMENT	13
STATEMENT OF CHANGES IN EQUITY	14
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS.....	15
GENERAL INFORMATION	15
SECTION A KEY FINANCIAL INFORMATION AND PREPARATION BASIS	15
SECTION B RISK AND JUDGEMENT	25
SECTION C KEY MANAGEMENT PERSONNEL AND RELATED PARTY DISCLOSURES.....	30
SECTION D OTHER DISCLOSURES	32
DIRECTORS' DECLARATION.....	36
INDEPENDENT AUDIT REPORT	37
SHAREHOLDERS' INFORMATION.....	39

Directors' Report

(c) Dr Xinsheng Wang

Managing Director – appointed 31 August 2007

Dr Wang became Managing Director of the Company on 31 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 became an executive director of CACT in 1999, then Vice –President in 2003. Under his leadership, the battery division of CACT developed as one of top three battery players in the Australian market. He resigned the position in 2006 and became a senior consultant to CACT. Dr Wang was appointed 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.

(d) George Su Su

Non-Executive Director – appointed Director 17 February 1995

Member of Audit Committee

Mr Su has nearly 30 years business experience in the Asia Pacific region and is currently based in Sydney. Mr Su was formerly head of the Australian operations of CITIC Securities, China's largest investment bank, between 2009 and 2013. He continues to work with CITIC Securities as their business partner for Australia through Silk Road Corporate Finance Pty Ltd, providing corporate advisory services.

Mr Su currently serves as a Non-Executive Director on two ASX listed Company boards, YPB Group Limited (ASX: YPB) (appointed 31 July 2014) and Carbon Energy Limited (ASX: CNX) (appointed 4 December 2015).

Mr Su also served as an independent director on the board of Macquarie Bank's China property fund between 2006 and 2014.

Mr Su became non-executive director of the Company in September 2007 after serving as managing director since 1998.

Born in China, Mr Su was educated in China and USA.

(e) Ian Morgan

Company Secretary-appointed 31 December 2003

Qualifications

BBus (UTS), MComLaw (Macq), Grad Dip App Fin (FINSIA), 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.

(f) 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 Australia Pty Ltd.

Oriental Technologies Investment Limited – Annual Report 2015

Remuneration Report (Audited)

REMUNERATION REPORT

Principles of compensation

Remuneration of directors and executives is referred to as compensation as defined in *AASB 124 Related Party Disclosures*.

Compensation levels for key management personnel and secretaries of the entity and relevant key management personnel of the Company 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.

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 to consider directors and executive remuneration, as required.

The Board is responsible for all elements of the remuneration of the executive Directors of Oriental Technologies Investment Limited:

- 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;
- 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 Board shall have regard in the performance of duties and any published guidelines or

Oriental Technologies Investment Limited – Annual Report 2015

Remuneration Report (Audited)

recommendations regarding the remuneration of directors of listed companies and formation and operation of share option schemes, which the Board considers relevant or appropriate.

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

Oriental Technologies Investment Limited – Annual Report 2015

Remuneration Report (Audited)

Details of the nature and amount of each major element of remuneration of each key management person of the Company 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			
		\$	\$	\$	\$	\$	\$	\$	\$	%	%	
Gerard McMahon (Chairman)	2015	49,297	-	-	49,297	4,745	-	-	54,042	-	-	
	2014	122,524	-	-	122,524	11,334	-	-	133,858	-	-	
Lawrence Luo-Lin Xin (Vice Chairman) ¹	2015	-	-	-	-	-	-	-	-	-	-	
	2014	-	-	-	-	-	-	-	-	-	-	
George Su Su (Non-executive Director)	2015	21,880	-	-	21,880	5,910	-	-	27,790	-	-	
	2014	61,957	-	-	61,957	5,731	-	-	67,688	-	-	
Xinsheng Wang (Managing Director)	2015	104,000	-	-	104,000	10,010	-	-	114,010	-	-	
	2014	151,946	-	-	151,946	9,620	-	-	161,566	-	-	
Ian Morgan (Company Secretary) ²	2015	-	-	-	-	-	-	-	-	-	-	
	2014	-	-	-	-	-	-	-	-	-	-	
Total Compensation of Key Management Personnel	2015	175,177	-	-	175,177	20,665	-	-	195,842	-	-	
	2014	336,427	-	-	336,427	26,685	-	-	363,112	-	-	

End of Audited Section of Directors' Report

¹ For the year ended 31 December 2015, the Company paid or incurred fees totaling \$195,000 excluding GST (2014 \$195,000) to an entity related to Mr. Lawrence Xin. Refer to Note SECTION C (c) of the attached accounts for more details.

² For the year ended 31 December 2015, the Company incurred or paid a total of \$45,382 excluding GST (2014 \$75,382) to an entity related to Mr. Ian Morgan for the provision of company secretarial services.

Oriental Technologies Investment Limited – Annual Report 2015

Directors' Report

Share Options

There are no un-issued ordinary shares for which options are outstanding at the date of this report (2014 Nil).

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

Director	Number of ordinary shares		
	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	-	-	-

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	7	7	2	2
Lawrence Luo-Lin Xin	7	7	2	2
Xinsheng Wang	7	7	-	-
George Su Su	7	7	2	2

Principal Activities

During the period 1 January 2014 to 15 May 2014, when it discontinued, the principal activities of the Group were undertaken in the People's Republic of China and included manufacturing, exporting, marketing and selling lead acid batteries.

The Group's exposure to Yangzhou Apollo Battery Company Limited (**YABC**) returns ceased on 15 May 2014, and the Group de-consolidated YABC effective 15 May 2014, and accounted for its YABC investment as an asset held for sale.

On or about 23 July 2014, under the terms of the Equity Transfer Agreement, the Company(55.57%) and non-controlling shareholder Indeveno Industries Pty Ltd (**Indeveno**) (44.43%) agreed to transfer 100% of YABC's equity to Camel.

During the half-year ended 31 December 2014, upon the sale of YABC and receipt of the first part of the consideration, the Group accounted for profit arising from the discontinued operation. Refer to Note SECTION A (k) for more details.

Non Audit Services

Details of amounts paid to the Auditor for non-audit services provided during the year are set out in Note SECTION D (c) 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 (Clth)* 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

Oriental Technologies Investment Limited – Annual Report 2015

Directors' Report

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.

Operating Results

Net profit attributable to members of Oriental Technologies Investment Limited for the financial year was \$645,040 (2014 \$5,021,417).

Dividends

On 20 October 2014 (record date 13 October 2014) the Company paid an un-franked and all conduit foreign income special dividend of \$0.019 per share (\$2,400,861).

An un-franked and all conduit foreign income return of capital of \$0.095 per share (\$12,004,303) was remitted on 7 January 2015 to shareholders (record date 30 December 2014).

There were no dividends paid during the year ended 31 December 2015.

At the date of this report, Directors do not recommend the payment of a final dividend..

Review of Operations and Outlook

Sale of YABC

With the sale of YABC, the Group's operations in China ceased with effect from 15 May 2014.

Outlook

On completion of the Camel transaction, the Group will have disposed of its main undertaking.

The Board would then consider the future of the Company, including whether to identify new business opportunities, or de-list the Company and distribute any remaining funds to its shareholders.

The Board will update its shareholders accordingly in due course.

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 Company 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 Company's operations, the results of these operations or the Company's state of affairs in future financial years excepting:

The Company has, since the financial year, been endeavouring to finalise the YABC sale transaction but it has had some problems in doing so as the purchaser asserts that the Apollo Joint Venture in which the Company held 55.57%, has outstanding tax liability to the local tax authority.

It is understood from discussions with the local tax authority that is not the case, however the purchaser will not consent to the monies being released from a bank guarantee under the transaction unless this advice is in writing. Directors are advised that it is not the custom of the local tax authority to provide such advice in writing. The Company has, therefore, commenced legal proceedings for the release of the monies from guarantee.

Refer Notes SECTION A (j) and SECTION A (k) for more details.

Directors' Report

Future Developments

Likely developments in the Company'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 Company.

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.

The Company paid a premium of \$17,386 (2014 \$19,322) to insure Directors, Secretary 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 10 and forms part of the directors' report for the financial year ended 31 December 2014.

Signed in accordance with a resolution of the Directors



Gerard McMahon
Chairman
31 March 2016

RSM Australia Partners

Level 13, 60 Castlereagh Street Sydney NSW 2000

GPO Box 5138 Sydney NSW 2001

T +61 (0) 2 8226 4500

F +61 (0) 2 8226 4501

www.rsm.com.au

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 2015, 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.

A handwritten signature in blue ink, appearing to read "RSM".

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to read "W E Beuman".

W E Beuman
Partner

Sydney, NSW

Dated: 31 March 2016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$	2014 \$
Continuing Operations			
Revenue	SECTION A (m)	1,312,005	18,313
Employee benefits expense		(195,842)	(315,167)
Other expenses	SECTION A (n)	(471,123)	(760,684)
Profit / (Loss) before income tax		645,040	(1,057,538)
Income tax (expense) / benefit	SECTION D (a)	-	-
Loss from continuing operations, net of tax		645,040	(1,057,538)
Discontinued Operation			
Profit from discontinued operation, net of tax	SECTION A (k)	-	4,514,505
Profit for the year		645,040	3,456,967
Other comprehensive income:			
Foreign currency translation loss, net of tax		-	(335,568)
Total other comprehensive income for the year		-	(335,568)
Total comprehensive income for the year		645,040	3,121,399
Profit attributable to:			
Members of the parent		645,040	5,021,417
Non-controlling interest		-	(1,564,450)
		645,040	3,456,967
Total comprehensive income attributable to:			
Members of the parent		645,040	4,685,849
Non-controlling interest		-	(1,564,450)
		645,040	3,121,399
		Cents per Share	Cents per Share
Basic and diluted earnings / (losses) per share from continuing and discontinued operations	SECTION D (b)		
Continuing		0.5	(0.8)
Discontinued		-	3.5
		0.5	2.7

The accompanying notes form part of these financial statements.

Oriental Technologies Investment Limited – Annual Report 2015

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	2015 \$	2014 \$
ASSETS			
Current Assets			
Cash and cash equivalents	SECTION A (i)	2,680,405	14,107,343
Other receivables	SECTION A (f)	35,754	41,674
Total current assets		<u>2,716,159</u>	<u>14,149,017</u>
Non-current assets		-	-
Total assets		<u>2,716,159</u>	<u>14,149,017</u>
LIABILITIES			
Current liabilities			
Other payables	SECTION A (g)	111,135	12,189,033
Total current liabilities		<u>111,135</u>	<u>12,189,033</u>
Non-current liabilities		-	-
Total liabilities		<u>111,135</u>	<u>12,189,033</u>
NET ASSETS		<u>2,605,024</u>	<u>1,959,984</u>
EQUITY			
Issued capital	SECTION A (c)	16,551,552	16,551,552
Reserves	SECTION A (d)	-	423,541
Accumulated Losses	SECTION A (d)	(13,946,528)	(15,015,109)
Parent interest		<u>2,605,024</u>	<u>1,959,984</u>
Non-controlling interest		-	-
Total equity		<u>2,605,024</u>	<u>1,959,984</u>
		Cents	Cents
Net tangible assets per share		<u>2.1</u>	<u>1.6</u>

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$	2014 \$
Cash flows from operating activities			
Cash receipts from customers		864	20,174,846
Cash paid to suppliers and employees		(739,079)	(20,174,429)
Interest received		162,208	29,013
Finance costs		(101)	(507,944)
Income taxes paid		-	(1,022,246)
Net cash outflow from operating activities	SECTION A (e)	<u>(576,108)</u>	<u>(1,500,760)</u>
Cash flows from investing activities			
Proceeds from disposal of investment in subsidiary		973,434	-
Disposal of discontinued operation, net of cash disposed of		-	12,542,103
Purchase of property, plant and equipment		-	(255,704)
Payment for term deposit		-	500,000
Net cash inflow from investing activities		<u>973,434</u>	<u>12,786,399</u>
Cash flows from financing activities			
Dividend paid to Shareholders		-	(2,400,861)
Return of capital paid to Shareholders	SECTION A (c)	(12,004,303)	-
Net cash outflow from financing activities		<u>(12,004,303)</u>	<u>(2,400,861)</u>
Net (decrease) / increase in cash and cash equivalents		(11,606,977)	8,884,778
Net foreign exchange differences		180,039	(123,085)
Cash and cash equivalents at beginning of year		14,107,343	5,345,650
Cash at the end of the financial year		<u>2,680,405</u>	<u>14,107,343</u>

The accompanying notes form part of these financial statements.

Oriental Technologies Investment Limited – Annual Report 2015

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Issued Capital \$	Accumulated Losses \$	Other Reserves \$	Total \$	Non-controlling Interest \$	Total Equity \$
At 1 January 2014		28,555,855	(19,797,218)	2,920,662	11,679,299	10,009,255	21,688,554
Profit for the year		-	5,021,417	-	5,021,417	(1,564,450)	3,456,967
Other comprehensive income							
Foreign currency translation loss		-	-	(335,568)	(335,568)	-	(335,568)
Transactions with owners, as owners in the capacity as owners:							
De-recognition of non-controlling interest on disposal of subsidiary, net of tax		-	-	-	-	(8,444,805)	(8,444,805)
Transfer between reserves	SECTION A (d)	-	2,161,553	(2,161,553)	-	-	-
Dividend paid by the Company		-	(2,400,861)	-	(2,400,861)	-	(2,400,861)
Capital return by the Company	SECTION A (c)	(12,004,303)	-	-	(12,004,303)	-	(12,004,303)
At 31 December 2014		16,551,552	(15,015,109)	423,541	1,959,984	-	1,959,984
At 1 January 2015		16,551,552	(15,015,109)	423,541	1,959,984	-	1,959,984
Profit for the year		-	645,040	-	645,040	-	645,040
Other comprehensive income							
Foreign currency translation loss		-	-	-	-	-	-
Transactions with owners, as owners in the capacity as owners:							
De-recognition of non-controlling interest on disposal of subsidiary, net of tax		-	-	-	-	-	-
Transfer between reserves	SECTION A (d)	-	423,541	(423,541)	-	-	-
Dividend paid by the Company		-	-	-	-	-	-
Capital return by the Company		-	-	-	-	-	-
At 31 December 2015		16,551,552	(13,946,528)	-	2,605,024	-	2,605,024

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

GENERAL INFORMATION

The financial report of Oriental Technologies Investment Limited (**Company**) for the year ended 31 December 2015 was authorised for issue in accordance with a resolution of the directors on 31 March 2016

Until 15 May 2014, the Company's group consisted of the Company and its subsidiary Yangzhou Apollo Battery Co Limited (**YABC**) (together referred to as the **Group** or **Consolidated Group**).

Subsequent to 15 May 2014, the Company has no subsidiaries and operates as a stand-alone entity.

As permitted by the *Corporations Act 2001 (Clth)*, the separate financial statements of the Company 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 (ASX: OTI).

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

The notes to the financial statement are set out in the following main sections:

KEY FINANCIAL INFORMATION AND PREPARATION BASIS

RISK AND JUDGEMENT

KEY MANAGEMENT PERSONNEL AND RELATED PARTY DISCLOSURES

OTHER DISCLOSURES

SECTION A KEY FINANCIAL INFORMATION AND PREPARATION BASIS

This section sets out the basis upon which the Group's financial statements have been prepared as a whole and explains the results and performance of the Group that the directors consider most relevant in the context of the operations of the entity.

(a) Statement of Compliance

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 (Clth)*. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (**IASB**)

The Company 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 Company 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.

(b) Basis of Preparation

The financial report is presented in Australian dollars (AUD), which is also the Company's functional currency.

The financial report is prepared on the historical cost basis other than share-based transactions that are assessed at fair value.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the Group.

Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Issued Capital

Share Capital

	2015		2014	
	Number of Shares	\$	Number of Shares	\$
Ordinary shares – no par value fully paid and authorised	126,361,087	16,551,552	126,361,087	16,551,552
	<u>126,361,087</u>	<u>16,551,552</u>	<u>126,361,087</u>	<u>16,551,552</u>

Movements in ordinary share capital

Date	Details	Number of shares	\$
1 Jan 2014	Opening balance	126,361,087	28,555,855
30 Dec 2014	Capital return (9.5 cents per share)	-	(12,004,303)
31 Dec 2014	Closing balance	<u>126,361,087</u>	<u>16,551,552</u>
1 Jan 2015	Opening balance	126,361,087	16,551,552
31 Dec 2015	Closing balance	<u>126,361,087</u>	<u>16,551,552</u>

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.

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

Notes to and forming part of the Financial Statements for the year ended 31 December 2015

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.

(d) Reserves and Accumulated Losses

	2015	2014
	\$	\$
Other Reserves		
General reserve		
Balance at start of year	-	929,672
Transfer to accumulated losses	-	(929,672)
Balance at end of year	-	-
Foreign currency translation reserve		
Balance at start of year	-	1,567,449
Transfer to accumulated losses	-	(1,231,881)
Currency translation differences	-	(335,568)
Balance at end of year	-	-
Share option reserve		
Balance at start of year	423,541	423,541
Transfer to accumulated losses	(423,541)	-
Balance at end of year	-	423,541
Total Other Reserves	-	423,541
Accumulated Losses		
Balance at start of year	(15,015,109)	(19,797,218)
Transfer between reserves	423,541	2,161,553
Dividend paid	-	(2,400,861)
Profit attributable to members of the parent	645,040	5,021,417
Balance at end of year	<u>(13,946,528)</u>	<u>(15,015,109)</u>

General reserve

The general reserve related entirely to YABC.

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) determined on an annual basis the amount of these annual appropriations to statutory reserves.

The amount transferred during the year ended 31 December 2014 arose from the deconsolidation of YABC.

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 profit or loss and other comprehensive income when the investment is disposed.

Notes to and forming part of the Financial Statements for the year ended 31 December 2015

Share option reserve

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

This requirement does not preclude the Company from recognising a transfer within equity that is a transfer from one component of equity to another. During the year ended 31 December 2015 the share option reserve was transferred to accumulated losses. (2014 \$Nil)

(e) Cash Flow Reconciliation

	Note	2015 \$	2014 \$
Profit for the year		645,040	3,456,966
Non-cash flows in (loss) / profit			
Depreciation expense		-	1,095,574
Property, plant and equipment impairment benefit		-	354,607
Gain on financial instruments		-	(93,734)
Gain from disposal of investment in subsidiary	SECTION A (m)	(967,863)	-
Gain on sale of net assets on de-consolidation		-	(8,508,669)
Gain on deconsolidation		-	1,022,587
Net foreign exchange differences			
On deconsolidation		-	(1,728,204)
Other-unrealised		(181,067)	(1,278,963)
Changes in assets and liabilities			
Decrease in receivables		5,918	2,001,770
Decrease in inventories		-	2,100,084
(Decrease) / Increase in payables		(78,136)	77,222
Net cash outflow from operating activities		<u>(576,108)</u>	<u>(1,500,760)</u>

(f) Other Receivables

Other debtors		35,754	41,672
		<u>35,754</u>	<u>41,672</u>

Other receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are stated at amortised cost less impairment losses (see Note SECTION B (c))

(g) Other Payables

	Note	2015 \$	2014 \$
Trade payables		111,135	184,730
Capital return	SECTION A (c)	-	12,004,303
		<u>111,135</u>	<u>12,189,033</u>

Other payables are recognised initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition, these transactions are measured at amortised cost using the effective interest rate method.

Notes to and forming part of the Financial Statements for the year ended 31 December 2015

(h) Provisions

Provisions are recognised when the Company 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. There are no provisions at 31 December 2015 (2014 \$Nil).

(i) Cash and Cash Equivalents

	2015 \$	2014 \$
Cash at bank and on hand - unrestricted	<u>2,680,405</u>	<u>14,107,343</u>
	<u>2,680,405</u>	<u>14,107,343</u>
	Per annum %	Per annum %
Interest rates on cash at bank and in hand	<u>1.9</u>	<u>0.2</u>

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.

(j) Contingent Cash Asset

	Note	2015 \$	2014 \$
Cash at bank - restricted under bank guarantee		<u>1,465,760</u>	<u>2,512,129</u>
Movements			
Opening balance		<u>2,512,129</u>	-
Proceeds on disposal of investment in subsidiary		-	3,360,661
Interest received		14,431	1,142
Release of contingent consideration		(1,170,906)	(1,218,023)
Foreign currency gain		110,106	368,349
Net (decrease) / increase		<u>(1,046,369)</u>	<u>2,512,129</u>
Closing balance		<u>1,465,760</u>	<u>2,512,129</u>

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent asset is disclosed where an inflow of economic benefits is probable.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity.

Contingent assets are not recognised in the Company's financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition would be appropriate.

Notes to and forming part of the Financial Statements for the year ended 31 December 2015

The contingent asset is assessed continually by the Company to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income will be recognised in the financial statements of the period in which the change occurs.

	2015 RMB	2014 RMB	2015 \$	2014 \$
Restricted cash held in China	6,943,307	12,577,478	1,465,760	2,512,129
Unrestricted cash held in China	8,880,759	3,440,879	1,876,454	687,255
	<u>15,832,066</u>	<u>16,018,357</u>	<u>3,342,214</u>	<u>3,199,384</u>

Refer to Notes SECTION A (k) and SECTION A (q) for more details.

(k) Discontinued Operation

Set out below are details of disposal of the Oriental Technologies Investment Limited (**Company**) investment in Yangzhou Apollo Battery Company Limited (**YABC**) during the year ended 31 December 2014.

YABC's financial statements used in the preparation of these financial statements were prepared for the period 1 January 2014 to 15 May 2014, the date YABC was de-consolidated from the Group's accounts.

AASB 10 Consolidated Financial Statements only permits consolidation of a subsidiary where the investor controls an investee if and only if the investor has all the following:

- (i) power over the investee; and
- (ii) exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) the ability to use its power over the investee to affect the amount of the investor's returns.

As its exposure to YABC's returns ceased on 15 May 2014, the Group de-consolidated YABC effective 15 May 2014, and accounted for its YABC investment as an asset held for sale notwithstanding as at 30 June 2014 the Company owned 55.57% of YABC.

At its annual general meeting held on 22 May 2014, the Company obtained its shareholders' approval for the sale of its 55.57% equity interest in YABC, which would result in a disposal of the Company's main undertaking.

On or about 11 September 2014, under the terms of the Equity Transfer Agreement, the Company and non-controlling shareholder Indeveno Industries Pty Ltd (**Indeveno**) agreed to transfer 100% of YABC's equity to Camel.

Shareholders were informed at the Company's AGM held 27 May, 2015, that the Company would declare a second dividend from the proceeds of the sale of the Company's China business when the transaction had been finally completed and the proceeds were remitted to Australia.

The Company has, since that time, been endeavouring to finalise the transaction but it has had some problems in doing so as the purchaser asserts that the Apollo Joint Venture in which the Company held 55.57%, has outstanding tax liability to the local tax authority.

It is understood from discussions with the local tax authority that is not the case, however the purchaser will not consent to the monies being released from a bank guarantee under the transaction unless this advice is in writing. Directors are advised that it is not the custom of the local tax authority to provide such advice in writing. The Company has, therefore, commenced legal proceedings for the release of the monies from guarantee.

Refer Notes SECTION A (j) and SECTION A (q) for more details.

Notes to and forming part of the Financial Statements for the year ended 31 December 2015

Effect of disposal on the financial position of the Group

	2014
	\$
Current Assets	27,986,373
Non-current Assets	16,002,773
Current Liabilities	(26,902,436)
Non-current Liabilities	(43,556)
Net Assets	<u>17,043,154</u>
Net assets attributable to members of the parent	<u>9,470,881</u>

Consideration received, satisfied in cash	17,058,322
Cash and cash equivalents disposed of	(4,387,409)
Net foreign exchange differences	(128,810)
Net cash inflow	<u>12,542,103</u>

Results of discontinued operation

	Note	1 January 2014 to 15 May 2014	\$
Revenue		20,135,096	
Expenses		(23,699,560)	
Results from operating activities		(3,564,464)	
Income tax (expense) / benefit		-	
Results from operating activities, net of tax		<u>(3,564,464)</u>	
Gain on sale of discontinued operation		9,101,215	
Tax on sale of discontinued operation		(1,022,246)	
Profit from discontinued operation, net of tax		<u>4,514,505</u>	

	Cents per Share
Basic and diluted earnings	<u>3.5</u>

Cash flows from (used in) discontinued operation

	1 January 2014 to 15 May 2014	\$
Net cash outflow from operating activities	(230,578)	
Purchase of property, plant and equipment	(255,704)	
Net cash outflow from investing activities	(255,704)	
Net cash inflow from financing activities	-	
Net decrease in cash and cash equivalents	(486,282)	
Net foreign exchange differences	(123,088)	
Cash and cash equivalents at the beginning of the period	4,996,780	
Net cash at the end of the period	<u>4,387,410</u>	

Notes to and forming part of the Financial Statements for the year ended 31 December 2015

Machinery	10 years
Motor vehicles	5 years
Electronic equipment	5 years
Other equipment	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 de-recognition 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.

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.

(m) Revenue

	Note	2015 \$	2014 \$
Net gain from disposal of investment in subsidiary		967,863	-
Interest income		162,208	16,167
Foreign exchange gain-unrealised		181,069	-
Foreign exchange gain-realised		862	-
Other income		3	2,146
		<u>1,312,005</u>	<u>18,313</u>

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:

Interest

Interest income from financial assets is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Notes to and forming part of the Financial Statements for the year ended 31 December 2015

Foreign Exchange Gain

The Company's functional currency is Australian Dollars (AUD). At 15 May 2014, YABC's functional currency was Chinese Renminbi (RMB). Presentation currency is 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 assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

At 15 May 2014, the assets and liabilities of YABC were translated into the presentation currency of the Company at the closing rate at 15 May 2014 and income and expenses were translated at the average exchange rates for the period 1 January 2014 to 15 May 2014. All resulting exchange differences were recognised as a separate component of equity (foreign currency translation reserve).

On disposal of YABC, the cumulative exchange difference recognised in the foreign currency translation reserve relating to that particular foreign operation was recognised in the Group's statement of profit or loss and other comprehensive income.

(n) Other Expenses

	2015	2014
	\$	\$
Technical and advisory fees	240,382	270,382
General and administrative costs	230,640	490,302
Interest expense	101	-
	<u>471,123</u>	<u>760,684</u>

(o) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (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.

(p) Segments

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.

Notes to and forming part of the Financial Statements for the year ended 31 December 2015

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.

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.

Since 15 May 2014, when the Company's 55.57% investment in YABC was disposed, the Group has only operated in Australia.

Business and geographical segments

The results and financial position of the Company's single operating segment are prepared on a basis consistent with Australian Accounting Standards and thus no additional disclosures in relation to the revenues, profit or loss, assets and liabilities and other material items have been made. Entity-wide disclosures in relation to the Company's product and services and geographical areas are detailed below.

Products and services

The Company is in the process of undertaking legal proceedings for the release of YABC sale proceeds from bank guarantee and, as such, currently provides no products for sale or services. Refer Notes SECTION A (j) and SECTION A (k) for more details.

Geographical areas

The Company's exploration activities are located solely in Australia.

(q) 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 Company's operations, the results of these operations or the Company's state of affairs in future financial years, excepting:

The Company has, since the financial year, been endeavouring to finalise the YABC sale transaction but it has had some problems in doing so as the purchaser asserts that the Apollo Joint Venture in which the Company held 55.57%, has outstanding tax liability to the local tax authority.

It is understood from discussions with the local tax authority that is not the case, however the purchaser will not consent to the monies being released from a bank guarantee under the transaction unless this advice is in writing. Directors are advised that it is not the custom of the local tax authority to provide such advice in writing. The Company has, therefore, commenced legal proceedings for the release of the monies from guarantee.

Refer Notes SECTION A (j) and SECTION A (k) for more details.

SECTION B RISK AND JUDGEMENT

This section sets outlines the key judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. This section also outlines the significant financial risk the Company is exposed to which the directors would like to draw the attention of the readers to.

Notes to and forming part of the Financial Statements for the year ended 31 December 2015

(a) **Financial Risk Management Policies and Objectives**

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

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

The main risks arising from the Company's financial instrument are market risk (including interest rate risk and foreign currency risk), liquidity risk and credit risk. The Company does not have any written risk management policies and guidelines. However, management generally adopts conservative strategies on its risk management and limits the Company'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 Company also monitors the market price risk arising from all financial instruments.

Interest rate risk

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's cash and cash equivalents. Interest rates and terms of repayment have been disclosed in Note SECTION B (d) to the financial statements.

Management does not expect any significant interest rate risk as at the end of the reporting period.

This analysis was performed on the same basis as for the year ending 31 December 2014.

If interest rates had been 100 basis point higher / lower and all other variables were held constant, the Company's net profit would decrease / increase by \$83,939 (2014 \$97,265), 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 31 December 2014 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 31 December 2015.

Notes to and forming part of the Financial Statements for the year ended 31 December 2015

The Company's 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
	\$	\$	\$	\$	\$	\$	\$	\$	\$
2015									
Other receivables	-	-	-	-	-	-	-	35,754	35,754
	-	-	-	-	-	-	-	35,754	35,754
Weighted average interest rate	-	-	-	-	-	-	-	-	-
2014									
Other receivables	-	-	-	-	-	-	-	41,672	41,672
	-	-	-	-	-	-	-	41,672	41,672
Weighted average interest rate	-	-	-	-	-	-	-	-	-

Foreign currency risk

The functional currency of its discontinued operation YABC is Chinese Renminbi (RMB), which is re-stated to Australian Dollars (AUD). For the year ended 31 December 2014, this re-statement resulted in a loss of \$439,099 recognised as a separate component of equity (foreign currency translation reserve).

The Group's foreign currency exposures for its discontinued operation arose mainly from the exchange rate movements of US dollars, Euros and Chinese Renminbi.

Details of the Company's financial assets and financial liabilities denominated in foreign currencies as at 31 December 2015 were as follows:

	2015	2014
	\$	\$
Cash and cash equivalents		
Renminbi	1,876,453	687,255
	1,876,453	687,255
Net foreign exchange exposure		
Renminbi	1,876,453	687,255
	1,876,453	687,255

Sensitivity analysis

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 Company'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 statement of financial position.

Notes to and forming part of the Financial Statements for the year ended 31 December 2015

If Renminbi had weakened/strengthened by 2% (2014: 2%) against the Australian dollar with all the other variables held constant, the Company's net gain for the year ended 31 December 2015 would have been higher / lower by RMB 177,775 , which is equivalent to AUD 37,529 (2014 AUD 13,745).

This would have been because of foreign exchange gains/losses on translation of Renminbi denominated bank and cash balances, but there would be no impact on other equity reserves.

Liquidity risk

Liquidity risk refers to the risk in which the Company is unable to meet its short-term obligations. Liquidity risk is managed by matching the payment and receipt cycles. The Company's operations are financed through operating cash flows and proceeds from disposal of YABC.

Credit risk

Credit risk refers to the risk that debtors will default on their obligations to repay the amounts due to the Company, resulting in a loss to the Company. The Company's credit risk is primarily attributable to cash at bank.

Capital management

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

The Company monitors capital on the basis of debt to equity, which is net debt divided by equity. The debt to equity ratios at 31 December 2015 were as follows:

	2015	2014
	\$	\$
Cash and cash equivalents	2,680,405	14,107,343
Less: Total Liabilities	111,135	12,189,033
Net cash	<u>2,569,270</u>	<u>1,918,310</u>
Equity	<u>2,605,024</u>	<u>1,959,982</u>
Net cash / Equity	<u>99%</u>	<u>98%</u>

(b) 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 Company'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.

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.

(c) Determination of Fair Values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement

Notes to and forming part of the Financial Statements for the year ended 31 December 2015

and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Other receivables

The fair value of other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purpose or when acquired in a business combination.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Employee Benefits

Provision is made for the Company'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.

Share Based Payments

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment. The liability is re-measured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognised as employee benefit expenses in profit or loss.

Impairment

At each reporting date, the Company reviews internal and external sources of information to assess whether there is any indication that its assets 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 Company estimates the recoverable amount of the smallest group of assets that independently generates cash flows, a cash-generating unit.

Notes to and forming part of the Financial Statements for the year ended 31 December 2015

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.

(d) Financial Instruments

Exposure to credit, interest rate and currency risks arises in the normal course of the Company's business.

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

	Less than 3 months	3 to 12 months	Over 12 months	Undiscounted contractual cash flows	Carrying amount	Effective Interest Rate % per annum
	\$	\$	\$	\$	\$	
2015						
<i>Variable rate</i>						
Cash and cash equivalents	2,680,405	-	-	2,380,405	2,680,405	1.9
2014						
<i>Variable rate</i>						
Cash and cash equivalents	14,107,343	-	-	14,107,343	14,107,343	0.2

SECTION C KEY MANAGEMENT PERSONNEL AND RELATED PARTY DISCLOSURES

This section includes information about key management personnel's remunerations, related parties information and any transactions key management personnel or related parties may have had with the Group during the year.

(a) Employee and Key Management Personnel Expenses

Key management personnel compensation

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

(b) Specified Directors

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

Gerard McMahon

Lawrence Luo-Lin Xin

Xinsheng Wang

George Su Su

(c) Related party transactions with Directors

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

Oriental Technologies Investment Limited – Annual Report 2015

Notes to and forming part of the Financial Statements for the year ended 31 December 2015

Payments were made to Red Investment & Development Limited (**RIDL**), a company of which Mr. Lawrence Xin is a director, in respect of management advisory fees.

Total fees paid and payable to RIDL during the year ended 31 December 2015 amounted to \$195,000 (2014 \$195,000).

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

(d) Directors' Security Holdings

The aggregate number of ordinary shares held directly or indirectly by Directors or their Director-related entities at 31 December 2015 was 55,998,301 (2014: 55,998,301).

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	Number Held at 31 December
2015			
Directors			
Gerard McMahon	Ordinary fully paid shares	498,301	498,301
Lawrence Luo-Lin Xin	Ordinary fully paid shares	44,400,000	44,400,000
Xinsheng Wang	Ordinary fully paid shares	11,100,000	11,100,000
2014			
Directors			
Gerard McMahon	Ordinary fully paid shares	498,301	498,301
Lawrence Luo-Lin Xin	Ordinary fully paid shares	44,400,000	44,400,000
Xinsheng Wang	Ordinary fully paid shares	11,100,000	11,100,000

Until YABC's disposal on 15 May 2014, a company related to Dr Xinsheng Wang, Indeveno Industries Pty Ltd (**Indeveno**), was a minority shareholder of Yangzhou Apollo Battery Company Limited (**YABC**). Indeveno controlled 44.43% of YABC's total paid-up capital.

(e) Aggregate Compensation for Key Management Personnel

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

	2015 \$	2014 \$
Short-term employee benefits	175,177	336,427
Post-employment benefits	20,665	26,685
	195,842	363,112

SECTION D OTHER DISCLOSURES

This section includes information that the directors do not consider to be significant in understanding the financial performance and position of the Group, but must be disclosed to comply with the Accounting Standards, the *Corporations Act 2001 (Cth)* or the Corporations Regulations.

(a) Income Tax

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.

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 financial statements.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
- temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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.

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.

Oriental Technologies Investment Limited – Annual Report 2015

Notes to and forming part of the Financial Statements for the year ended 31 December 2015

	2015	2014
	\$	\$
Current tax(expense) / benefit	-	-
Deferred tax expense	-	-
Total income tax (expense) / benefit	<u>-</u>	<u>-</u>

Deferred tax assets not recognised because it is not considered probable that there would be sufficient future taxable income to utilise these benefits:	<u>2,135,375</u>	<u>1,929,208</u>
--	------------------	------------------

Reconciliation of the effective tax rate

Profit before income tax	<u>645,040</u>	<u>3,456,967</u>
Prima facie tax benefit / (expense) at the Australian tax rate of 30% per annum (2014: 30% per annum)	(193,512)	(1,037,090)
Profit from discontinued operation	290,359	1,354,352
Unrecognised temporary differences	<u>(96,847)</u>	<u>(317,262)</u>
Income tax (expense) / benefit from continuing operations. Effective tax rate Nil% (2014: Nil%)	<u>-</u>	<u>-</u>

Tax expense from continuing operations for the year ended 31 December 2014 excludes Chinese tax paid and arising from sale of YABC of \$1,022,246.

(b) Earnings per Share

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

For the purpose of calculating diluted earnings or losses per share, profit or loss attributable to ordinary equity holders of the Company 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 the Company 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.

Notes to and forming part of the Financial Statements for the year ended 31 December 2015

Reconciliation of earnings used in calculating earnings per share:

	2015 \$	2014 \$
Basic and diluted earnings / (losses) per share from continuing and discontinued operations		
Continuing	645,040	(1,057,538)
Discontinued	-	4,514,505
	<u>645,040</u>	<u>3,456,967</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic and diluted profit per share (continuing and discontinued operations)	<u>126,361,087</u>	<u>126,361,087</u>

(c) Auditor's Remuneration

	2015 \$	2014 \$
Assurance Services		
Amounts paid/payable to RSM Australia for audit or review of the financial report for the entity or any entity in the Group	60,329	72,028
Amounts paid/payable to RSM China for assisting RSM Australia with audit work for the Company	6,243	-
Amounts paid/payable to subsidiary auditors who are un-related to RSM Australia for audit or review of the financial report for the entity or any entity in the Group	-	99,526
Total remuneration for assurance services	<u>66,572</u>	<u>171,554</u>
Non-assurance Services		
Amounts paid/payable to RSM Australia for non-audit services performed for the entity or any entity in the Group:	<u>3,600</u>	<u>3,600</u>
Total remuneration for taxation services	<u>3,600</u>	<u>3,600</u>
Total remuneration	<u>70,172</u>	<u>175,154</u>

Notes to and forming part of the Financial Statements for the year ended 31 December 2015

(d) 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 on or after 1 January 2016, and have not been applied in preparing these financial statements. Those that may be relevant to the Company are set out below. The Company does not plan to adopt this standard early.

New or amended standards	Summary of requirements	Possible impact on financial statements
AASB 9 Financial Instruments	AASB 9, published in July 2014, replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments of financial instruments, including a new expected credit loss model for calculating impairment of financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from AASB 139. AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The application of AASB 9 is not expected to have a significant impact on the Company's financial statements.
AASB 15 Revenue from Contracts with Customers	AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and AASB Interpretation 13 Customer Loyalty Programmes. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The application of AASB15 is not expected to have a significant impact on the Company's financial statements.
Agriculture: Bearer Plants (Amendments to AASB 116 and AASB 141)	These amendments require a bearer plant, defined as a living plant, to be accounted for as property, plant and equipment and included in the scope of AASB 116 Property, Plant and Equipment, instead of AASB 141 Agriculture. The amendments are effective for annual reporting periods on or after 1 January 2016, with early adoption permitted.	None. The Company does not have any bearer plants.

The following new or amended standards are not expected to have a significant impact on the Company's financial statements:

New Standards or Amendments
AASB 14 Regulatory Deferral Accounts
Accounting for Acquisitions of Interests in Joint Operations (Amendments to AASB 11)
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)
Equity Method in Separate Financial Statements (Amendments to AASB 127)
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to AASB 10 and AASB 128)
Annual Improvements to AASBs 2012-2014 Cycle – various standards
Investment Entities: Applying the Consolidation Exception (Amendments to AASB 10, AASB 12 and AASB 128)
Disclosure Initiative (Amendments to AASB 101)

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 4 to 6, are in accordance with the *Corporations Act 2001 (Clth)* 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 31 December 2015 and of the performance for the year ended on that date of the Company.
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:



Gerard McMahon
Chairman
31 March 2016

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 ("the company"), which comprises the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

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 A (a) 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 company's financial position as at 31 December 2015 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 A(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 4 to 6 of the directors' report for the year ended 31 December 2015. 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 2015 complies with section 300A of the Corporations Act 2001.



RSM AUSTRALIA PARTNERS



W E Beauman
Partner

Sydney, NSW
Dated: 31 March 2016

SHAREHOLDERS' INFORMATION

At 29 February 2016 issued capital was 126,361,087 ordinary shares held by 470 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.

(a) 20 largest holders of ordinary shares and their holdings at 29 February 2016

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	9,984,000	7.9%
5.	CHINA VENTURETECHNO INTERNATIONAL CO LIMITED	4,978,627	3.9%
6.	H F STEVENSON (AUST) P/L	4,913,346	3.9%
7.	RED LION RESOURCES LIMITED	4,498,455	3.6%
8.	MR ADRIAN ROBERT NIJMAN + MRS JENNY ANN NIJMAN	2,840,500	2.2%
9.	INVIA CUSTODIAN PTY LIMITED <SE & RD SUPER FUND A/C>	1,405,977	1.1%
10.	MR MAKRAM HANNA + MRS RITA HANNA <HANNA & CO P/L SUPER A/C>	1,367,000	1.1%
11.	BERNARD MARIE FRANCOIS LE CLEZIO <BMF LECLEZIO SUPER FUND A/C>	1,350,000	1.1%
12.	AUSTRALIAN EXECUTOR TRUSTEES LIMITED <NO 1 ACCOUNT>	1,128,558	0.9%
13.	MR KEVIN JOHN HOLMAN	700,000	0.6%
14.	MR JOHN O WIRTZ	600,000	0.5%
15.	MR GERARD JOSEPH MCMAHON	498,301	0.4%
16.	CAPRICORN SOCIETY LTD	450,000	0.4%
17.	LADY PENELOPE PATRICIA STREET	437,500	0.3%
18.	SASSEY PTY LTD <AVAGO SUPER FUND A/C>	437,000	0.3%
19.	MR MARIO LEO VOLPE	370,233	0.3%
20.	MR PAUL ROY <NO 1 ACCOUNT>	340,000	0.3%
Total		115,079,497	91.1%

(b) Distribution of Holders and Holdings at 29 February 2016

Range	Total holders	Number of Shares	% of Total Shares
1 - 1,000	56	42,519	0.03
1,001 - 5,000	178	536,883	0.42
5,001 - 10,000	55	480,510	0.38
10,001 - 100,000	135	5,145,609	4.07
100,001 - 9,999,999,999	46	120,155,566	95.09
Rounding			0.01
Total	470	126,361,087	100.00

(c) Unmarketable Parcels at 29 February 2016

	Minimum Parcel Size	Number of Holders	Number of Shares
Minimum \$ 500.00 parcel at \$ 0.007 per share	7,1429	408	4,718,671

SHAREHOLDER INFORMATION (continued)

(d) Substantial shareholders at 29 February 2016

Substantial Shareholder	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%

(e) Corporate Governance Statement

The Company's Corporate Governance statement for the financial year ended 31 December 2015 is available for members to download and access from <http://www.orientech.com.au>

(f) Securities Exchange Listing

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

(g) Share Registrar

Computershare Investor Services Pty Ltd
GPO Box 2975EE
Melbourne VIC 3000
Investor enquiries: (within Australia) 1300 850 505 (outside Australia) +61(0) 3 9415 4000
Facsimile: +61(0) 3 9473 2500

(h) Registered Office

Level 12, 32 Martin Place
Sydney NSW 2000
Telephone: +61(0) 2 9238 3988
Facsimile: +61(0) 2 9231 3911
E-mail: orientech@orientech.com.au

(i) Auditors

RSM Australia Pty Ltd
Level 12
60 Castlereagh Street
Sydney NSW 2000
Telephone: +61(0) 2 9233 8933
Facsimile: +61(0) 2 9233 8521

(j) Company Secretary

Ian Morgan BBus (UTS), MComLaw (Macq), Grad Dip App Fin (FINSIA), CA, ACIS, CSA, MAICD, FFin.