

**HALF-YEAR INFORMATION GIVEN TO THE ASX UNDER LISTING RULE 4.2A**

ORIENTAL TECHNOLOGIES INVESTMENT LIMITED ABN 13 060 266 248

Reporting period	Previous corresponding period
<i>Half-year ended 30<sup>th</sup> June 2014</i>	<i>Half-year ended 30<sup>th</sup> June 2013</i>

The information contained in this report should be read in conjunction with the most recent annual financial report.

Contents	Page
1. RESULTS FOR ANNOUNCEMENT TO THE MARKET .....	1
2. NET TANGIBLE ASSETS PER ORDINARY SHARE (NTA Backing) .....	1
3. DETAILS OF CONTROLLED ENTITIES .....	2
4. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES .....	4
5. DIVIDENDS .....	5
6. ACCOUNTING STANDARDS.....	6
7. AUDIT DISPUTES OR QUALIFICATIONS .....	6
8. DIRECTORS' REPORT .....	7
9. INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 <sup>TH</sup> JUNE 2014.....	9
10. AUDITOR'S INDEPENDENCE DECLARATION.....	26
11. INDEPENDENT REVIEW REPORT .....	27

**1. RESULTS FOR ANNOUNCEMENT TO THE MARKET**

				Current Period A\$000
Revenue from ordinary activities	up/down	30.1%	to	21,154
Loss from ordinary activities after income tax attributable to members	up/down	327.9%	to	2,409
Net loss for the period attributable to members	up/down	327.9%	to	2,409

Dividends per Share	Amount per share		Franked amount per share at ...% tax	
Final	Nil	cents	Nil	cents
Interim	Nil	cents	Nil	cents
Record date for determining entitlements to dividends	N/A			
<b>Explanations</b>				
Refer Directors' Report at paragraph 8 to this report.				

**2. NET TANGIBLE ASSETS PER ORDINARY SHARE (NTA Backing)**

Current Period	Previous corresponding period
7.1 cents	17.8 cents

3. DETAILS OF CONTROLLED ENTITIES

3.1. Control Gained Over Entities During the Period

Name of entity			
Date control acquired, i.e. date from which profit(loss) has been calculated			
Profit (loss) from ordinary activities after extraordinary items and income tax of the controlled entity (or group of entities) during the current period <i>since the date on which control was acquired</i>	\$ -	\$ -	\$ -
Profit (loss) from ordinary activities after extraordinary items and income tax of the controlled entity (or group of entities) for the <i>whole of the previous corresponding period</i>	\$ -	\$ -	\$ -

3.2. Loss of Control of Entities During the Period

Name of entity	Yangzhou Apollo Battery Co. Ltd.		
Date of loss of control, i.e. date until which profit(loss) has been calculated	15 <sup>th</sup> May 2014		
Loss from ordinary activities after extraordinary items and income tax of the controlled entity (or group of entities) during the current period <i>to the date on which control was lost</i>	\$3,560,891 -	\$ -	\$ -
Loss from ordinary activities after extraordinary items and income tax of the controlled entity (or group of entities) for the <i>whole of the previous corresponding period</i>	\$3,560,891 -	\$ -	\$ -
Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	\$Nil -	\$ -	\$ -

4. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

4.1 Equity Accounted Associates and Joint Venture Entities	%Ownership Interest		Contribution to Net Profit	
	Current Period %	Previous Corresponding Period %	Current Period A\$ '000	Previous Corresponding Period A\$ '000
	-	-	-	-

4.2 Aggregate Share of Profits (Losses) of Associates and Joint Venture Entities

Groups' Share of Associates' and Joint Venture Entities':	Current Period A\$ '000	Previous Corresponding Period A\$ '000
Profit(Loss) from ordinary activities before tax	-	-
Income tax on ordinary activities	-	-
Profit(Loss) from ordinary activities after tax	-	-
Extraordinary items net of tax	-	-
Net profit(loss)	-	-
Adjustments	-	-
Share of net profit(loss) of associates and joint venture entities	-	-

5. DIVIDENDS

5.1 Dividends per Share	Amount per share	Franked amount per share at Nil% tax	Amount per share of foreign source dividend
Final			
- current period	<i>Nil</i> cents	<i>Nil</i> cents	<i>Nil</i> cents
- previous corresponding period	<i>Nil</i> cents	<i>Nil</i> cents	<i>Nil</i> cents
Interim			
- current period	<i>Nil</i> cents	<i>Nil</i> cents	<i>Nil</i> cents
- previous corresponding period	<i>Nil</i> cents	<i>Nil</i> cents	<i>Nil</i> cents

5.2 Total Dividends	Current Period A\$ '000	Previous Corresponding Period A\$ '000
Interim - paid/payable on	<i>Nil</i>	<i>Nil</i>
Final - paid/payable on	<i>Nil</i>	<i>Nil</i>

All dividends reflected as distributions above were paid during the period.

#### Dividend Reinvestment Plans

*There is not a dividend reinvestment plan.*

The last date for receipt of election notices for participation in any dividend reinvestment plans

<i>N/A</i>
------------

## 6. ACCOUNTING STANDARDS

*AASB 134 "Interim Financial Reporting"* has been used in compiling the information contained in this Appendix 4D.

## 7. AUDIT DISPUTES OR QUALIFICATIONS

There is no audit dispute or qualification.

## 8. DIRECTORS' REPORT

The Directors of Oriental Technologies Investment Limited (Company) present their report on the consolidated group for the financial half-year ended 30<sup>th</sup> June 2014.

### Directors

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

Gerard McMahon	Non-Executive Chairman
Lawrence Luo-lin Xin	Executive Deputy 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 half-year.

### Review of Operations

#### Overview

The Company is pleased to report its results for the half-year ended 30<sup>th</sup> June 2014.

The loss after tax from continuing operations for the half-year ended 30<sup>th</sup> June 2014 was \$4,000,586 (2013 \$727,043), a 450.3% increase in losses. Revenue for the period was \$21,153,970 a 30.1% decrease over the previous half-year (2013 \$30,259,509).

#### Outlook

On 23<sup>rd</sup> July 2013, the Company announced to the market that it had entered into a preliminary agreement with Indeveno Industries Pty Ltd (**Indeveno**), the minority shareholder of Apollo and Camel Group Co. Ltd (**Camel**) in accordance with which the Company and Indeveno had agreed to assign 100% of the issued capital of Apollo to Camel (**Apollo Equity**).

Completion of the preliminary agreement was subject to the completion of due diligence by Camel and the approval of the Company's shareholders.

In accordance with the terms of the preliminary agreement, Camel completed its due diligence enquiries and the parties entered into a full form equity transfer agreement (**Equity Transfer Agreement**) that set out the terms and conditions on which the Company and Indeveno will transfer their interests in Apollo to Camel.

At its annual general meeting held on 22<sup>nd</sup> May 2014, the Company obtained shareholder approval for the sale of its equity interest in Apollo, which would result in a disposal of the Company's main undertaking (**Disposal**).

The Company is proceeding with the sale of its equity interest in Apollo to Camel.

Once Disposal is completed, the Company intends to make a distribution to its shareholders.

Given the requirement for the Company and Indeveno to satisfy various conditions prior to completion of the disposal of Apollo Equity, the Company has not yet received unrestricted Disposal consideration.

The Company is not in a position to determine the exact amount of the distribution at this time but will only be able to do so subsequent to completion of the Equity Transfer Agreement.

On completion of the transfer of Apollo Equity to Camel under the Equity Transfer Agreement, the Company will have disposed of its main undertaking.

Upon completion of the Equity Transfer Agreement, the Board would consider the future of the Company, including whether to identify new business opportunities or to de-list the Company and distribute the proceeds to shareholders.

The Board will update Shareholders accordingly in due course.

#### **Auditor's Independence Declaration**

A copy of the independence declaration by the lead auditor under section 307C is included on page 26 to this half-year financial report.

#### **Rounding of Amounts to the Nearest Dollar**

The Company satisfies the requirements of Class Order 98/0100 issued by the Australian Securities and Investments Commission relating to "rounding off" of amounts in the directors' report and the financial report to the nearest dollar. 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 Board of Directors

A handwritten signature in black ink, appearing to read 'Gerard McMahon', with a large, stylized initial 'G'.

---

Gerard McMahon

Chairman

Sydney

29<sup>th</sup> August 2014

9. INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30<sup>TH</sup> JUNE 2014

9.1. Consolidated Statement of Comprehensive Income

For the half-year ended 30<sup>th</sup> June 2014

Group	Note	2014	2013
		\$	\$
Sales Revenue		19,767,577	29,981,855
Foreign currency gain		1,122,462	-
Other Income		263,931	277,654
	9.5.7	<u>21,153,970</u>	<u>30,259,509</u>
Changes in inventories of finished goods and work in progress		(2,100,084)	1,492,624
Raw materials and consumables used		(16,181,906)	(27,506,448)
Employee benefits expense		(2,680,386)	(2,387,262)
Amortisation, depreciation and impairment expense		(1,095,574)	(1,519,268)
Finance costs		(507,944)	(620,513)
Loss on deconsolidation of subsidiary		(1,049,848)	-
Other expenses		(1,538,814)	(674,699)
		<u>(4,000,586)</u>	<u>(956,057)</u>
Income tax benefit		-	229,014
<b>Loss after tax from continuing operations for the half-year</b>		<u>(4,000,586)</u>	<u>(727,043)</u>
Other comprehensive income:			
Foreign currency translation (loss) / gain		(335,568)	3,092,606
Income tax expense		-	-
Foreign currency translation (loss) / profit, net of tax		<u>(335,568)</u>	<u>3,092,606</u>
Loss from non-controlling interest on deconsolidation of subsidiary		(8,467,312)	-
Income tax benefit		-	-
Loss from non-controlling interest on deconsolidation of subsidiary, net of tax		<u>(8,467,312)</u>	<u>-</u>
<b>Total other comprehensive income for the half-year</b>		<u>(8,802,880)</u>	<u>3,092,606</u>
<b>Total comprehensive income for the half-year</b>		<u>(12,803,466)</u>	<u>2,365,563</u>
Loss attributable to:			
Members of the parent		(2,408,875)	(563,184)
Non-controlling interest		(1,591,711)	(163,859)
		<u>(4,000,586)</u>	<u>(727,043)</u>
Total comprehensive income attributable to:			
Members of the parent		(2,744,443)	1,155,377
Non-controlling interest		(10,059,023)	1,210,186
		<u>(12,803,466)</u>	<u>2,365,563</u>
		Cents	Cents
Basic loss per share		(1.91)	(0.45)
Diluted loss per share		(1.91)	(0.45)

The accompanying notes form part of these financial statements.

9.2. Consolidated Statement of Financial Position

As at 30<sup>th</sup> June 2014

	Note	Group	
		2014 \$	31 <sup>st</sup> December 2013 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		470,741	5,345,650
Term Deposit		-	500,000
Trade and other receivables		17,352	13,173,104
Inventories		-	13,812,550
Asset held for sale	9.5.9	9,470,881	-
<b>Total current assets</b>		<b>9,958,974</b>	<b>32,831,304</b>
<b>Non-current assets</b>			
Property, plant and equipment	9.5.10	-	18,177,044
Security Deposit		-	93,054
<b>Total non-current assets</b>		<b>-</b>	<b>18,270,098</b>
<b>Total assets</b>		<b>9,958,974</b>	<b>51,101,402</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9.5.5	1,024,120	7,648,057
Short-term borrowings	9.5.5	-	21,764,793
<b>Total current liabilities</b>		<b>1,024,120</b>	<b>29,412,850</b>
<b>Non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>1,024,120</b>	<b>29,412,850</b>
<b>Net assets</b>		<b>8,934,854</b>	<b>21,688,552</b>
<b>EQUITY</b>			
Issued capital		28,555,855	28,555,855
Reserves		1,353,213	2,920,662
Accumulated losses		(20,974,214)	(19,797,220)
Total equity attributable to equity holders of the Company		8,934,854	11,679,297
Non-controlling interest		-	10,009,255
<b>Total equity</b>		<b>8,934,854</b>	<b>21,688,552</b>

The accompanying notes form part of these financial statements.

9.3. Consolidated Statement of Cash Flows

For the half-year ended 30<sup>th</sup> June 2014

	Group	
	2014	2013
	\$	\$
<b>Cash flows from operating activities</b>		
Cash receipts from customers	20,285,771	24,874,030
Cash paid to suppliers and employees	(20,408,863)	(28,291,043)
Interest received	22,329	26,651
Finance costs	(507,944)	(620,513)
Income tax paid	-	(185,126)
<b>Net cash outflow from operating activities</b>	<u>(608,707)</u>	<u>(4,196,001)</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(255,704)	(387,251)
Refund of term deposit	500,000	-
Proceeds from sale of property, plant and equipment	-	3,518
<b>Net cash inflow / (outflow) from investing activities</b>	<u>244,296</u>	<u>(383,733)</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	-	358,716
<b>Net cash inflow from financing activities</b>	<u>-</u>	<u>358,716</u>
Net decrease in cash and cash equivalents	(364,411)	(4,221,018)
Net foreign exchange differences	(123,088)	1,172,313
Loss of control of cash and cash equivalents - on deconsolidation of subsidiary	(4,387,410)	-
Cash and cash equivalents at the beginning of the period	5,345,650	7,628,277
<b>Net cash at the end of the half-year</b>	<u>470,741</u>	<u>4,579,572</u>

The accompanying notes form part of these financial statements.

## Oriental Technologies Investment Limited – Half-Year Report 30<sup>th</sup> June 2014

### 9.4. Consolidated Statement of Changes in Equity

For the half-year ended 30<sup>th</sup> June 2014

	Issued capital \$	Accumulated Losses \$	Other Reserves \$	Total \$	Non- controlling interest \$	Total Equity \$
Balance 31 <sup>st</sup> December 2012	28,555,855	(18,154,850)	728,046	11,129,051	9,013,342	20,142,393
Loss for half-year	-	(563,184)	-	(563,184)	(163,859)	(727,043)
Other comprehensive income for the half-year	-	-	1,718,561	1,718,561	1,374,045	3,092,606
Foreign currency translation loss	-	-	-	-	(13,035)	(13,035)
Transfers	-	(10,875)	10,875	-	-	-
Balance 30 <sup>th</sup> June 2013	<u>28,555,855</u>	<u>(18,728,909)</u>	<u>2,457,482</u>	<u>12,284,428</u>	<u>10,210,493</u>	<u>22,494,921</u>
Balance 31 <sup>st</sup> December 2013	28,555,855	(19,797,220)	2,920,662	11,679,297	10,009,255	21,688,552
Loss for half-year	-	(2,408,875)	-	(2,408,875)	(1,591,711)	(4,000,586)
Other comprehensive income for the half-year	-	1,231,881	(1,567,449)	(335,568)	(8,467,312)	(8,802,880)
Foreign currency translation gain	-	-	-	-	49,768	49,768
Balance 30 <sup>th</sup> June 2014	<u>28,555,855</u>	<u>(20,974,214)</u>	<u>1,353,213</u>	<u>8,934,854</u>	<u>-</u>	<u>8,934,854</u>

The accompanying notes form part of these financial statements.

## 9.5. Notes to and forming part of the Interim Financial Statements

### 9.5.1. Nature of Operations

The ultimate Australian parent entity and ultimate parent entity is Oriental Technologies Investment Limited (**Company**), which at 30<sup>th</sup> June 2014 owned 55.57% of Yangzhou Apollo Battery Co. Ltd. (**Apollo**) (2013 55.57%).

Apollo is a limited liability company incorporated in accordance with the laws of the People's Republic of China (a foreign joint venture).

Apollo's scope of business is the:

1. Manufacture and sale of high capacity, sealed and maintenance free lead acid storage battery and related accessories;
2. Sale of self-manufactured goods; and
3. Import and export of lead acid storage battery (excluding local distribution).

Refer to note 9.5.7 for further information about the Group's operating segments.

### 9.5.2. Sale of Apollo to Camel

On 23<sup>rd</sup> July 2013, the Company announced to the market that it had entered into a preliminary agreement with Indeveno Industries Pty Ltd (**Indeveno**), the minority shareholder of Apollo and Camel Group Co. Ltd (**Camel**) in accordance with which the Company and Indeveno had agreed to assign 100% of the issued capital of Apollo to Camel (**Apollo Equity**).

Completion of the preliminary agreement was subject to the completion of due diligence by Camel and the approval of the Company's shareholders.

In accordance with the terms of the preliminary agreement, Camel completed its due diligence enquiries and the parties entered into a full form equity transfer agreement (**Equity Transfer Agreement**) that set out the terms and conditions on which the Company and Indeveno will transfer their interests in Apollo to Camel.

At its annual general meeting held on 22<sup>nd</sup> May 2014, the Company obtained shareholder approval for the sale of its equity interest in Apollo, which would result in a disposal of the Company's main undertaking (**Disposal**).

The Company reported that the satisfaction of the conditions under the Equity Transfer Agreement will occur over an extended period of time; and accordingly the Company anticipated that it will not receive the total Company Consideration for some months.

#### *Period of entrustment*

The Company reported that that on the day after completion of the stocktake (**Date of Entrustment**), the Company and Indeveno will entrust Camel to manage Apollo until the date the industrial and commercial registration procedures in connection with the acquisition of the Apollo Equity are completed (**Entrustment Period**). Under this entrustment arrangement, Camel will exercise management rights in respect of Apollo, including the right to adjust the organisational structure of Apollo (with the prior written consent of the Company and Indeveno), formulate purchase and sales policies and revise management systems. During the Entrustment Period,

Notes to and forming part of the Financial Statements (continued)

Camel will be responsible for all liabilities arising out of the production and management activities of Apollo and profits or losses of Apollo.

The Date of Entrustment is 15<sup>th</sup> May 2014, when the Entrustment Period commenced, is also the date when the Company's exposure to Apollo's returns ceased. Refer to Note 9.5.3 for more details about the Company's basis of accounts preparation for its investment in Apollo.

*Consideration*

In accordance with the terms of the Equity Transfer Agreement, the total consideration for the transfer of the Apollo Equity is RMB 220,000,000 (\$37,628,707)<sup>1</sup> in cash, payable in three installments and subject to the satisfaction of certain conditions. In accordance with its interest in Apollo, the Company is entitled to approximately 56% of the cash consideration, ie RMB 122,254,000 (\$20,910,273)

*Purchase Price*

In consideration for the Company and Indeveno agreeing to sell the Apollo Equity to Camel, Camel agreed to pay the Company and Indeveno the purchase price of RMB 220,000,000, or such other amount as adjusted in accordance with the terms of the Equity Transfer Agreement) (**Purchase Price**).

The Purchase Price is payable by Camel to the Company and Indeveno in three installments as follows:

1. RMB 10,000,000 (**First Installment**) within two business days after the date the Preliminary Acquisition Agreement was signed – this payment has been made;
2. RMB 140,000,000 or such other amount as adjusted in accordance with the terms of the Equity Transfer Agreement (**Second Installment**) within five business days after Indeveno and the Company provide Camel with a bank guarantee in the amount of RMB 140,000,000. Indeveno and the Company must apply for the bank guarantee within five business days after the date of approval of the Equity Transfer Agreement by the respective boards of the parties. The bank guarantee will expire on the date the industrial and commercial registration procedures in connection with the acquisition of the Apollo Equity are completed; and
3. RMB 70,000,000 or such other amount as adjusted in accordance with the terms of the Equity Transfer Agreement (**Third Installment**) within five business days after Indeveno and the Company provide Camel with a bank guarantee in an amount to be determined by reference to accounts receivable and warranty claims in respect of Apollo. Indeveno and the Company must apply for the bank guarantee within two business days after the date the industrial and commercial registration procedures in connection with the acquisition of the Apollo Equity are completed.

As at the date of this report (29<sup>th</sup> August 2014), the Company is advised that remittance of funds to Australia is awaiting certain local Chinese regulatory clearances and the assessment of taxes which are payable in China.

At 30<sup>th</sup> June 2014, the Company held in a Chinese bank account restricted cash totaling RMB 140,013,482 (\$23,947,847), including restricted cash held on Indeveno's behalf. These funds are offset by a bank guarantee and unavailable to the Company and Indeveno until receipt of Chinese regulatory clearances.

---

<sup>1</sup> Calculated at the Reserve Bank of Australia exchange rate of 5.8466:1 on 30 June 2014.

Notes to and forming part of the Financial Statements (continued)

9.5.3. Statement of Significant Accounting Policies

*Basis of Preparation*

The condensed interim consolidated financial statements (the interim financial statements) of Oriental Technologies Investment Ltd and its controlled entity (**the Group**) are for the six months ended 30<sup>th</sup> June 2014 and are presented in Australian dollar (\$), which is the functional currency of the parent company. These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31<sup>st</sup> December 2013 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements have been approved and authorised for issue by the board of directors on 29th August 2014.

The consolidated financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 31<sup>st</sup> December 2013.

*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:

1. power over the investee; and
2. exposure, or rights, to variable returns from its involvement with the investee; and
3. the ability to use its power over the investee to affect the amount of the investor's returns.

As its exposure to Apollo's returns ceased on 15<sup>th</sup> May 2014, the Company deconsolidated Apollo effective 15<sup>th</sup> May 2014 and accounted for its Apollo investment as an asset held for sale, notwithstanding as at 30<sup>th</sup> June 2014 the Company owned 55.57% of Apollo.

Refer to Note 9.5.2 for more details about the proposed sale of the Company's investment in Apollo.

9.5.4. Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 31<sup>st</sup> December 2013.

9.5.5. 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

Notes to and forming part of the Financial Statements (continued)

financed mainly through operating cash flows, equity and bank borrowings. The financial report is prepared on a going concern basis, which contemplates continuity of normal trading activities and the realisation of assets and settlement of liabilities in the normal course of business. The Group is dependent on the continued availability of bank facilities and the renewal of loans payable as and when due.

The Group has loans with various due dates in the twelve months to 30<sup>th</sup> June 2015. In the opinion of Directors, present funding facilities will continue to be available and loans will be renewed as and when required, consistent with existing practice and given the positive underlying net asset position of the controlled entity. The maturity profile of the Group's liabilities at the reporting date based on contractual undiscounted payments is summarised below:

	Less than 3 months \$	3 to 12 months \$	Over 12 months \$	Contractual cash flows \$	Carrying amount \$
<b>2014</b>					
Interest bearing borrowings	-	-	-	-	-
Trade and other payables	1,024,120	-	-	1,024,120	1,024,120
	<u>1,024,120</u>	<u>-</u>	<u>-</u>	<u>1,024,120</u>	<u>1,024,120</u>
<b>31<sup>st</sup> December 2013</b>					
Interest bearing borrowings	-	22,413,000	-	22,413,000	21,764,793
Trade and other payables	7,648,057	-	-	7,648,057	7,648,057
	<u>7,648,057</u>	<u>22,413,000</u>	<u>-</u>	<u>30,061,057</u>	<u>29,412,850</u>

**9.5.6. Significant Events and Transactions**

Apart from the preliminary agreement to assign all of Apollo's equity to the Camel Group Co., Ltd (refer Note 9.5.2), the Group has no other significant events or transaction during or since the financial half-year ended 30<sup>th</sup> June 2014.

**9.5.7. Segment Information**

*Description of segments*

The Group has identified its operating segments based on internal reports that are reviewed and used by the Chief Operating Decision Maker in assessing performance and determining the allocation of resources. The Group is managed primarily on the basis of geographic location. Operating segments are therefore determined on this basis.

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

Reporting format - Geographical segments

*Chief Operating Decision Maker (CODM)*

The CODM is Dr Xinsheng Wang, Managing Director.

Oriental Technologies Investment Limited – Half-Year Report 30<sup>th</sup> June 2014

Notes to and forming part of the Financial Statements (continued)

2014

	Europe \$	Middle East \$	Australia \$	China \$	Other \$	Total continuing operations \$	Inter- segment elimination/ Unallocated \$	Group \$
<b>Revenue</b>								
Sales to external customers	2,224,500	3,710,390	3,048,475	10,423,496	360,716	19,767,577	-	19,767,577
Total sales revenue	2,224,500	3,710,390	3,048,475	10,423,496	360,716	19,767,577	-	19,767,577
Other revenue/income	-	-	-	-	-	-	947,294	947,294
Total segment revenue/income	2,224,500	3,710,390	3,048,475	10,423,496	360,716	19,767,577	947,294	20,714,871
<b>Result</b>								
Segment result								
Loss before income tax	(246,760)	(411,588)	(338,163)	(1,156,262)	(40,014)	(2,192,787)	(1,807,799)	(4,000,586)
Income tax benefit								-
Net loss for the half-year								<u>(4,000,586)</u>
<b>Unallocated:</b>								
<b>Income</b>								
Interest received								19,666
Foreign currency gain on deconsolidation of subsidiary								1,122,462
Other income								244,265
								<u>1,386,393</u>
<b>Expenses</b>								
Head office expenses								(1,298,437)
Financial expenses								(507,944)
Loss on deconsolidation of subsidiary								(1,049,848)
Other expenses								(337,963)
								<u>(3,194,192)</u>
								<u>(1,807,799)</u>

## Oriental Technologies Investment Limited – Half-Year Report 30<sup>th</sup> June 2014

### Notes to and forming part of the Financial Statements (continued)

2013

	Europe \$	Middle East \$	Australia \$	China \$	Other \$	Total continuing operations \$	Inter-segment elimination/ Unallocated \$	Group \$'
<b>Revenue</b>								
Sales to external customers	3,851,230	4,248,179	4,909,783	16,582,158	390,505	29,981,855	-	29,981,855
Total sales revenue	3,851,230	4,248,179	4,909,783	16,582,158	390,505	29,981,855	-	29,981,855
Other revenue/income	-	-	-	-	-	-	277,654	277,654
Total segment revenue/income	3,851,230	4,248,179	4,909,783	16,582,158	390,505	29,981,855	277,654	30,259,509
<b>Result</b>								
Segment result								
Profit / (Loss) before income tax	22,876	25,233	29,163	98,495	2,319	178,086	(1,134,143)	(956,057)
Income tax benefit								229,014
Net profit for the half-year								<u>(727,043)</u>
<b>Unallocated:</b>								
<b>Income</b>								
Interest received								24,053
Other income								253,600
								<u>277,653</u>
<b>Expenses</b>								
Head office expenses								(539,574)
Financial expenses								(620,513)
Other expenses								(251,709)
								<u>(1,411,796)</u>
								<u>(1,134,143)</u>

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. Oriental Technologies Investment Limited only manufactures lead acid batteries in China, so a split between segmental depreciation, assets and liabilities is not deemed necessary as all the risks and returns arising from the carrying amounts of assets and liabilities only apply to this one geographic segment, China.

Notes to and forming part of the Financial Statements (continued)

*Assets and Liabilities by Country*

		Assets \$	Liabilities \$	Net Assets \$
China	2014	9,470,881	-	9,470,881
	31 December 2013	50,222,369	(28,397,029)	21,825,340
Australia	2014	488,093	(1,024,120)	(536,027)
	31 December 2013	879,033	(1,015,821)	(136,788)
Europe	2014	-	-	-
	31 December 2013	-	-	-
Middle East	2014	-	-	-
	31 December 2013	-	-	-
Group	2014	<u>9,958,974</u>	<u>(1,024,120)</u>	<u>8,934,854</u>
	31 December 2013	<u>51,101,402</u>	<u>(29,412,850)</u>	<u>21,688,552</u>

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 31<sup>st</sup> December 2013.

**9.5.8. Earnings per Share**

*Reconciliation of earnings used in calculating earnings per share*

	2014 \$	2013 \$
Earnings per share		
Loss from continuing operations attributable to ordinary equity holders of Oriental Technologies Investment Limited used to calculate basic and diluted profit per share	<u>(2,408,875)</u>	<u>(563,184)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic profit per share	<u>126,361,087</u>	126,361,087
Weighted average number of ordinary shares used in calculating diluted loss per share	<u>126,361,087</u>	126,361,087

**9.5.9. Asset held for Sale**

	2014 \$	2013 \$
Investment in Apollo	<u>9,470,881</u>	-

Set out below is the Group's investment in Apollo at 30<sup>th</sup> June 2014.

Apollo is a Sino-foreign joint venture enterprise established under the laws of the People's Republic of China since its incorporation. In July 2007, Apollo changed its registration from Sino-foreign joint venture enterprise to wholly foreign-owned enterprise under the laws of the People's Republic of China and continues its operation in Yangzhou City. Apollo's registered office is located at 18 Yangzijiang Road South, Yangzhou, China.

## Oriental Technologies Investment Limited – Half-Year Report 30<sup>th</sup> June 2014

### Notes to and forming part of the Financial Statements (continued)

Subject to the laws of the People's Republic of China, Apollo's capital is held directly by the Group and the proportion of ownership interests held equals the voting rights held by the Group,

Apollo's country of incorporation or registration is also its principal place of business.

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group		Proportion of Non-controlling Interests	
		At 30 June 2014	At 31 December 2013	At 30 June 2014	At 31 December 2013
Yangzhou Apollo Battery Co. Ltd.	Yangzhou City, China	55.57%	55.57%	44.43%	44.43%

Apollo's financial statements used in the preparation of these consolidated financial statements were prepared for the period 1 January 2014 to 15<sup>th</sup> May 2014, the date it was deconsolidated from the Company's accounts. Refer to Note 9.5.3 for more details.

#### *Summarised Financial Information of Subsidiaries with Material Non-controlling Interests*

Set out below is the summarised financial information for Apollo that has a non-controlling interest that is material to the Group.

#### *Assets of Apollo held for sale*

	2014	
	Company	Total
	\$	\$
Current Assets	15,552,027	27,986,373
Non-current Assets	8,892,741	16,002,773
Current Liabilities	(14,949,683)	(26,902,436)
Non-current Liabilities	(24,204)	(43,556)
<b>Net Assets</b>	<b>9,470,881</b>	<b>17,043,154</b>

#### *Summarised Financial Performance*

	2014	2013
	\$	\$
Revenue	20,135,096	30,252,569
Loss before income tax	(3,560,891)	(597,817)
Income tax benefit	-	229,014
Loss after tax from continuing operations	(3,560,891)	(368,803)
Other comprehensive income, net of tax	-	-
<b>Total comprehensive income for the half-year</b>	<b>(3,560,891)</b>	<b>(368,803)</b>
The information above is the amount before intercompany eliminations		
Loss attributable to non-controlling interests	(1,582,104)	(163,859)
Distributions paid to non-controlling interests	-	-

Notes to and forming part of the Financial Statements (continued)

*Summarised Cash Flow Information*

	Apollo 2014 \$	2013 \$
<b>Net cash outflow from operating activities</b>	<u>(230,578)</u>	<u>(3,856,356)</u>
Purchase of property, plant and equipment	(255,704)	(387,251)
Proceeds from sale of property, plant and equipment	-	3,518
<b>Net cash outflow from investing activities</b>	<u>(255,704)</u>	<u>(383,733)</u>
Proceeds from borrowings	-	358,716
<b>Net cash inflow from financing activities</b>	<u>-</u>	<u>358,716</u>
Net decrease in cash and cash equivalents	(486,282)	(3,881,373)
Net foreign exchange differences	(123,088)	1,172,313
Cash and cash equivalents at the beginning of the period	<u>4,996,780</u>	<u>6,977,583</u>
<b>Net cash at the end of the half-year</b>	<u>4,387,410</u>	<u>4,268,523</u>

Notes to and forming part of the Financial Statements (continued)

9.5.10. Property Plant and Equipment

Group	31 December	
	2014	2013
	\$	\$
<i>Land usage rights</i>		
At cost	-	1,276,169
Accumulated depreciation	-	(283,338)
	-	992,831
<i>Buildings - Leasehold</i>		
At cost	-	7,355,538
Accumulated depreciation	-	(2,721,576)
	-	4,633,962
Total land and buildings	-	5,626,793
<i>Plant and equipment</i>		
At cost	-	30,464,238
Accumulated depreciation & impairment	-	(18,027,644)
	-	12,436,594
Plant and equipment under construction	-	113,656
Total plant and equipment	-	12,550,250
Total non-current property, plant and equipment	-	18,177,043
<i>Total land Usage Rights</i>		
Carrying amount at beginning of financial year	992,831	838,688
Depreciation	(9,748)	(24,365)
Effect of movement in foreign exchange	(64,871)	178,508
Deconsolidation	(918,212)	-
Carrying amount at end of financial year	-	992,831
<i>Total Buildings - Leasehold</i>		
Carrying amount at beginning of financial year	4,633,962	4,123,331
Depreciation	(121,905)	(304,716)
Effect of movement in foreign exchange	(287,785)	815,347
Deconsolidation	(4,224,272)	-
Carrying amount at end of financial year	-	4,633,962
<i>Total Plant &amp; Equipment</i>		
Carrying amount at beginning of financial year	12,436,594	12,039,457
Additions	263,041	719,436
Disposals	-	(3,582)
Depreciation	(963,921)	(2,774,326)
Impairment (expense) / benefit	(244,644)	55,472
Effect of movement in foreign exchange	(753,524)	2,278,841
Reclassification from construction in progress	19,676	121,296
Deconsolidation	(10,757,222)	-
Carrying amount at end of financial year	-	12,436,594
<i>Total Construction in Progress</i>		
Carrying amount at beginning of financial year	113,656	111,655
Additions	19,676	102,319
Impairment expense	(109,963)	-
Effect of movement in foreign exchange	(3,693)	20,978
Reclassification to plant & equipment	(19,676)	(121,296)
Carrying amount at end of financial year	-	113,656

Notes to and forming part of the Financial Statements (continued)

9.5.11. Equity Securities Issued and Granted

There were no equity securities granted during the half-year ended 30<sup>th</sup> June 2014 (2013 Nil)

	Group 2014 Number	2013 Number
<b>Ordinary Shares</b>		
Balance 1 <sup>st</sup> January	126,361,087	126,361,087
Balance 30 <sup>th</sup> June	<u>126,361,087</u>	<u>126,361,087</u>

9.5.12. Capital and Leasing Commitments

	Group 2014	31 <sup>st</sup> December 2013
	\$	\$
Machinery costs contracted but not provided net of deposit paid in financial statements:		
Within one year	-	29,004
Later than one year but not later than 5 years	-	-
Later than 5 years	-	-
	<u>-</u>	<u>29,004</u>

9.5.13. Events Subsequent to Reporting Date

The Directors are not aware of any matter or circumstance that has arisen since the end of the financial half-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, excepting

As at the date of this report (29<sup>th</sup> August 2014), the Company is advised that remittance of funds to Australia is awaiting certain local Chinese regulatory clearances and the assessment of taxes payable in China.

At 30<sup>th</sup> June 2014, the Company held in a Chinese bank account restricted cash totaling RMB 140,013,482 (\$23,947,847), including restricted cash held on Indeveno's behalf. These funds are offset by a bank guarantee and unavailable to the Company and Indeveno until receipt of Chinese regulatory clearances.

Refer to Note 9.5.2 for more details about the proposed sale of the Company's investment in Apollo.

9.5.14. Rounding of Amounts

The company satisfies the requirements of Class Order 98/0100 issued by the Australian Securities and Investments Commission relating to "rounding off" of amounts in the directors' report and the financial report to the nearest dollar. Amounts have been rounded off in the directors' report and financial report in accordance with that Class Order.

9.6. Declaration by Directors

In the opinion of the directors of Oriental Technologies Investment Limited:

1. The consolidated financial statements and notes of Oriental Technologies Investment Limited are in accordance with the *Corporations Act 2001*, including:
  - (a) giving a true and fair view of its financial position as at 30<sup>th</sup> June 2014 and of its performance for the half-year ended on that date; and
  - (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors

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

---

Gerard McMahon

Chairman

Sydney

29th August 2014

PAGE NOT USED

### AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Oriental Technologies Investment Limited for the half year ended 30 June 2014, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.



**RSM BIRD CAMERON PARTNERS**



**W E Beuman**  
Partner

Sydney NSW  
Dated: 29 August 2014

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

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Oriental Technologies Investment Limited and controlled entity (the consolidated entity) which comprises the consolidated condensed statement of financial position as at 30 June 2014, the consolidated condensed statement of comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed statement of cash flows for the half-year ended on that date, 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 entity it controlled at the half-year end or from time to time during the half-year.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the Oriental Technologies Investment Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Oriental Technologies Investment Limited and controlled entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Oriental Technologies Investment Limited and controlled entity is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

*RSM Bird Cameron*

**RSM BIRD CAMERON PARTNERS**



**W E Beuman**  
Partner

Sydney NSW  
Dated: 29 August 2014