

Oriental Technologies Investment Limited – Half-Year Report 30th June 2011

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

ORIENTAL TECHNOLOGIES INVESTMENT LIMITED ABN 13 060 266 248

Reporting period

Half-year ended 30th June 2011

Previous corresponding period

Half-year ended 30th June 2010

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

<u>Contents</u>	<u>Page</u>
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. HALF-YEAR FINANCIAL STATEMENTS 30 th JUNE 2011	7
9. DECLARATION BY DIRECTORS.....	24
10. AUDITOR'S INDEPENDENCE DECLARATION	25
11. INDEPENDENT REVIEW REPORT	26

1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

				Current Period
				A\$000
Revenue from ordinary activities	up/down	15%	to	41,662
Profit from ordinary activities after income tax attributable to members	up/down	261%	to	441
Net profit for the period attributable to members	up/down	261%	to	441

Dividends per Share	Amount per share		Franked amount per share at ...% tax	
	Nil	cents	Nil	cents
Final	Nil	cents	Nil	cents
Interim	Nil	cents	Nil	cents

Record date for determining entitlements to dividends N/A

Explanations

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

Current Period	Previous corresponding period
13.7 cents	15.0 cents

Oriental Technologies Investment Limited – Half-Year Report 30th June 2011

3. DETAILS OF CONTROLLED ENTITIES

3.1 Control Gained Over Entities During the Period

NONE

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 *since the date on which control was acquired*

\$

\$

\$

Profit (loss) from ordinary activities after extraordinary items and income tax of the controlled entity (or group of entities) for the *whole of the previous corresponding period*

\$

\$

\$

Oriental Technologies Investment Limited – Half-Year Report 30th June 2011

3.2 Loss of Control of Entities During the Period

NONE

Name of entity

Date of loss of control, i.e. date until 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 *to the date on which control was lost*

\$

\$

\$

Profit (loss) from ordinary activities after extraordinary items and income tax of the controlled entity (or group of entities) for the *whole of the previous corresponding period*

\$

\$

\$

Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control

\$

\$

\$

Oriental Technologies Investment Limited – Half-Year Report 30th June 2011

4. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

NONE

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 ...% 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

Oriental Technologies Investment Limited – Half-Year Report 30th June 2011

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.

Oriental Technologies Investment Limited – Half-Year Report 30th June 2011

Directors' Report

8. HALF-YEAR FINANCIAL STATEMENTS 30th JUNE 2011

8.1 DIRECTORS' REPORT

The Directors of Oriental Technologies Investment Limited (Company) present their report on the consolidated group for the financial half-year ended 30th June 2011.

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 30th June 2011.

The profit after tax from continuing operations for the half-year ended 30th June 2011 was \$985,000 (2010 \$465,000), a 112% increase. Revenue for the period was \$41,662,000, a 15% increase over the previous half-year (2010 \$36,274,000).

Outlook

There were two significant events during the half year ended 30th June 2011:

1. During February 2011, the Chinese central government started to enforce increased pollution control procedures and, since then, almost 80% of Chinese battery plants have been inspected and either shut down by the authorities or forced to make an upgrade to their pollution control system.

Because the Company's subsidiary Yangzhou Apollo Battery Company Limited (Apollo) has always paid high attention to its pollution control system, Apollo has successfully passed several of these inspections. There has not been a significant interruption to Apollo's production.

2. Apollo has successfully completed the second phase of its production expansion. This expansion will enable Apollo to produce over three million batteries per annum, ranking Apollo within China's top 10 battery producers.

Sales during the held year ended 31st December 2011 are expected to be strong due to strong market demands for both export and domestic sales. Cash flow is also expected to improve, with Apollo having no further requirement for extra bank loans.

Oriental Technologies Investment Limited – Half-Year Report 30th June 2011

Directors' Report

Auditor's Independence Declaration

A copy of the independence declaration by the lead auditor under section 307C is included on page 25 to this half-year financial report.

Rounding of Amounts to the Nearest Thousand Dollars

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 thousand dollars. Amounts have been rounded off in the directors' report and financial report in accordance with that Class Order.

Sydney, 30 August 2011

Signed in accordance with a resolution of the Board of Directors

A handwritten signature in dark ink, appearing to read "Gerard McMahon". The signature is written in a cursive, flowing style with some loops and flourishes.

Gerard McMahon
Chairman

Oriental Technologies Investment Limited – Half-Year Report 30th June 2011

8.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30th JUNE 2011

	Consolidated Entity	
Note	2011	2010
	\$'000	\$'000
Revenue	40,864	35,342
Other Income	798	932
	41,662	36,274
8.7 Changes in inventories of finished goods and work in progress	4,636	113
Raw materials and consumables used	(40,864)	(31,544)
Employee benefits expense	(1,871)	(1,741)
Depreciation and amortisation expense	(1,116)	(1,317)
Borrowing costs expense	(655)	(470)
Other expenses	(552)	(709)
	1,240	606
Profit before income tax expense from continuing operations		
Income tax expense	(255)	(141)
Profit after tax from continuing operations	985	465
Profit for the half-year	985	465
Other comprehensive income		
Foreign currency translation (loss) / income	(349)	781
Total comprehensive income for the half-year	636	1,246
Profit attributable to:		
Members of the parent	441	122
Non-controlling interest	544	343
	985	465
Total comprehensive income attributable to:		
Members of the parent	251	552
Non-controlling interest	385	694
	636	1,246
	Cents	Cents
Basic earnings from continuing operations per share	0.35	0.10
Diluted earnings from continuing operations per share	0.35	0.10

The accompanying notes form part of these financial statements.

Oriental Technologies Investment Limited – Half-Year Report 30th June 2011

8.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30th JUNE 2011

	Consolidated Entity	
	31 st December	
	2011	2010
	\$'000	\$'000
ASSETS		
Current Assets		
Cash and cash equivalents	4,706	4,472
Receivables	12,266	7,854
Inventories	8,898	13,535
Other investments, including derivatives	-	4
Total Current Assets	<u>25,870</u>	<u>25,865</u>
Non-current Assets		
Property, plant and equipment	<u>17,040</u>	<u>16,726</u>
Total Non-current Assets	<u>17,040</u>	<u>16,726</u>
Total Assets	<u>42,910</u>	<u>42,591</u>
LIABILITIES		
Current Liabilities		
Trade and other payables, including derivatives	7,128	9,461
Provisions	130	30
Short term borrowings	<u>18,330</u>	<u>16,414</u>
Total Current Liabilities	<u>25,588</u>	<u>25,905</u>
Non-current Liabilities		
Total non-current Liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>25,588</u>	<u>25,905</u>
Net Assets	<u>17,322</u>	<u>16,686</u>
Equity		
Issued capital	28,556	28,556
Reserves	(12)	179
Accumulated losses	<u>(18,928)</u>	<u>(19,369)</u>
Parent entity interest	9,616	9,366
Non-controlling interest	<u>7,706</u>	<u>7,320</u>
Total Equity	<u>17,322</u>	<u>16,686</u>

The accompanying notes form part of these financial statements.

Oriental Technologies Investment Limited – Half-Year Report 30th June 2011

8.4 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30th JUNE 2011

	Consolidated Entity	
	2011	2010
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	35,519	27,146
Payments to suppliers and employees	(35,366)	(24,713)
Interest received	43	17
Finance costs	(655)	(470)
Income tax (paid) / received	(154)	3
Net cash (outflow) / inflow from operating activities	(613)	1,983
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,834)	(373)
Proceeds from sale of property, plant and equipment	40	2
Net cash outflow from investing activities	(1,794)	(371)
Cash flows from financing activities		
Proceeds from borrowings	2,266	576
Net cash inflow from financing activities	2,266	576
Net (decrease) / increase in cash and cash equivalents	(141)	2,188
Net foreign exchange differences	375	171
Cash and cash equivalents at the beginning of the period	4,472	4,615
Net cash at the end of the period	4,706	6,974

The accompanying notes form part of these financial statements.

Oriental Technologies Investment Limited – Half-Year Report 30th June 2011

8.5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30th JUNE 2011

	Issued capital \$'000	Accumulated Losses \$'000	Other Reserves \$'000	Total \$'000	Minority Interest \$'000	Total Equity \$'000
Balance 31 st December 2009	28,556	(19,341)	889	10,104	7,472	17,576
Profit for half year	-	122	-	122	343	465
Other comprehensive income for the half year	-	-	430	430	351	781
Total comprehensive income for the half year	-	122	430	552	694	1,246
Other	-	1	(1)	-	1	1
Balance 30 th June 2010	28,556	(19,218)	1,318	10,656	8,167	18,823
Loss for half year	-	(44)	-	(44)	177	133
Other comprehensive income for the half year	-	-	(1,246)	(1,246)	(1,023)	(2,269)
Total comprehensive income for the half year	-	(44)	(1,246)	(1,290)	(846)	(2,136)
Transfer between reserves	-	(106)	106	-	-	-
Other	-	(1)	1	-	(1)	(1)
Balance 31 st December 2010	28,556	(19,369)	179	9,366	7,320	16,686
Profit for half year	-	441	-	441	544	985
Other comprehensive income for the half year	-	-	(190)	(190)	(159)	(349)
Total comprehensive income for the half year	-	441	(190)	251	385	636
Other	-	-	(1)	(1)	1	-
	28,556	(18,928)	(12)	9,616	7,706	17,322

The accompanying notes form part of these financial statements.

Notes to and forming part of the Financial Statements for the half year ended 30th June 2011
(continued)

8.6 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

8.6.1 Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 30th June 2011 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Oriental Technologies Investment Ltd and its controlled entity (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31st December 2010, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

8.6.2 New and Revised Accounting Requirements Applicable to the Current Half-Year Reporting Period

For the half-year reporting period to 30th June 2011, a number of new and revised accounting standard requirements became mandatory for the first time. A discussion of these new and revised requirements and their impact on the Group is provided below.

- AASB 2009–5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]

The amendments to some Australian Accounting Standards arising from AASB 2009–5 result in accounting changes for presentation, recognition or measurement purposes, while some amendments relate to terminology and editorial changes that have little or no effect on the relevant accounting requirements. A summary of the main reporting changes arising from AASB 2009–5 is provided below.

AASB 5: Non-current Assets Held for Sale and Discontinued Operations specifies all of the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations unless another Standard specifically requires:

- disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations; or
- disclosures about the measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of AASB 5 and such disclosures are not provided elsewhere in the financial statements.

AASB 8: Operating Segments states that an entity is only required to report a measure of total assets for each reportable segment if such information is regularly provided to the chief operating decision maker. (Previously entities were required to report a measure of total assets for each reportable segment, irrespective of whether such amounts were regularly provided to the chief operating decision maker.)

AASB 101: Presentation of Financial Statements clarifies that the classification of a (current) liability for which the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date is not affected by the existence of any terms that could, at the option of the counterparty, result in the settlement of the liability by the issue of equity instruments by the entity.

Notes to and forming part of the Financial Statements for the half year ended 30th June 2011
(continued)

AASB 107: Statement of Cash Flows clarifies that only expenditures that result in a recognised asset in the statement of financial position would be classified as cash flows from investing activities in the statement of cash flows.

AASB 117: Leases states that when a lease includes both land and building components, each component is required to be separately assessed as either an operating or finance lease in accordance with the criteria in AASB 117.

AASB 118: Revenue now includes an additional example to assist with determining whether an entity is acting as a principal or as an agent.

AASB 136: Impairment of Assets clarifies that when allocating goodwill to a cash generating unit (CGU) or group of CGUs, each CGU or group of CGUs must:

- represent the lowest level within the entity at which goodwill is monitored for internal management purposes; or
- not be larger than an operating segment as per AASB 8 before aggregation for disclosure purposes.

AASB 139: Financial Instruments: Recognition and Measurement clarifies that a forward contract:

- between an acquirer and a selling shareholder to buy or sell an acquiree; and
- which will result in a business combination within a reasonable timeframe and therefore is not dependent on further actions by either party;

is outside the scope of AASB 139.

AASB 139 also clarifies that gains or losses recognised in other comprehensive income in respect of a:

- hedge of a forecast transaction that subsequently results in the recognition of a financial asset or a financial liability; or
- a cash flow hedge other than a hedge of a forecast transaction covered by paragraphs 97 and 98 of AASB 139;

are to be reclassified from equity to profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss (such as in the periods that interest income or interest expense is recognised, or when a forecast sale occurs).

AASB 139 also clarifies that the economic characteristics and risks of an embedded derivative are closely related to a loan (the host contract) if the exercise price of a prepayment option attached to the loan reimburses the lender for an amount up to the approximate present value of lost interest for the remaining term of the loan.

Application of the amendments in AASB 2009–5 did not have a material impact on the financial statements of the Group.

- AASB 2009–8: Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]

AASB 2009–8 amends AASB 2: Share-based Payment to require an entity within a group that receives goods or services in a share-based payment transaction involving another entity in the group to account for those goods or services in its separate financial statements, regardless of which entity in the group settles the transaction and whether the transaction is settled in shares or cash.

Notes to and forming part of the Financial Statements for the half year ended 30th June 2011
(continued)

AASB 2009–8 also amends AASB 2 to incorporate the requirements previously included in Interpretation 8: Scope of AASB 2 and Interpretation 11: AASB 2 – Group and Treasury Share Transactions in AASB 2. Consequently, Interpretations 8 and 11 are superseded by the amendments in AASB 2009–8 to AASB 2.

Application of the amendments in AASB 2009–8 did not have a material impact on the financial statements of the Group.

- AASB 2009–9: Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters [AASB 1]

AASB 2009–9 amends AASB 1: First-time Adoption of Australian Accounting Standards to:

- specify accounting requirements for first-time adopters using the full cost method in place of retrospective application of Australian Accounting Standards for oil and gas assets; and
- exempts first-time adopters with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 14: Determining whether an Arrangement contains a Lease when the application of the entity's previous accounting policies would have produced the same outcome.

As the Group has been applying Australian Accounting Standards since 2005, the amendments in AASB 2009–9 did not impact on the financial statements of the Group.

- AASB 2009–10: Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]

AASB 2009–10 amends AASB 132 to clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. It is relevant to note that this approach is contrary to the general principle in AASB 132.

Application of the amendments in AASB 2009–10 did not have a material impact on the financial statements of the Group.

- Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments

Interpretation 19 clarifies how a debtor would account for the extinguishment of a liability, either fully or partially, through the issue of equity instruments (a "debt for equity swap").

Under Interpretation 19 entities are required to measure equity instruments issued to a creditor to extinguish all or part of a financial liability at their fair value, unless the fair value cannot be reliably measured. When fair value cannot be reliably measured, the equity instruments would be measured to reflect the fair value of the financial liability extinguished. Any difference between the carrying amount of the financial liability (or part of the financial liability) extinguished and the consideration paid is recognised immediately as a gain or loss and disclosed separately in the profit or loss or in the notes.

When only part of the financial liability is extinguished, the entity assesses whether some of the consideration paid related to a modification of the terms of the liability that remains outstanding. If so, the entity allocates the consideration paid between the part of the liability extinguished and the part of the liability that remains outstanding.

Application of Interpretation 19 did not have a material impact on the financial statements of the Group.

- AASB 2009–13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]

Notes to and forming part of the Financial Statements for the half year ended 30th June 2011
(continued)

AASB 2009–13 amends AASB 1 to permit first-time adopters to apply the transitional provisions in Interpretation 19 as identified in AASB 1048: Interpretation of Standards.

Application of the amendments in AASB 2009–13 did not have a material impact on the financial statements of the Group.

- AASB 2010–1: Amendments to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosures for First-time Adopters [AASB 1 & AASB 7]

AASB 2010–1 amends AASB 1 and AASB 7: Financial Instruments: Disclosures to permit first-time adopters of Australian Accounting Standards to use the same transition provisions permitted for existing preparers of financial statements prepared in accordance with Australian Accounting Standards that are included in AASB 2009–2: Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 and AASB 1038] (issued April 2009).

AASB 2009–2 amended AASB 4: Insurance Contracts, AASB 1023: General Insurance Contracts and AASB 1038: Life Insurance Contracts for editorial changes resulting from the amendments to AASB 7 (arising from the issuance of Improved Disclosures about Financial Instruments (Amendments to IFRS 7) by the IASB). The amendments to AASB 7 require enhanced disclosures about fair value measurements and liquidity risks. In particular, the amendments to AASB 7:

- clarify that the existing fair value disclosure requirements in the Standard must be made separately for each class of financial instrument;
- require disclosure of any change in a method for determining fair value and the reasons for the change;
- introduce a three-level hierarchy for making fair value measurements;
- require disclosure about the relative reliability of each fair value measurement in the statement of financial position;
- clarify that the current maturity analysis for non-derivative financial instruments should include issued financial guarantee contracts; and
- require disclosure of a maturity analysis for derivative financial liabilities.

As the Group has been applying Australian Accounting Standards since 2005, the amendments in AASB 2010–1 did not impact on the financial statements of the Group.

- AASB 2010–3: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139]

A summary of the main reporting changes arising from AASB 2010–3 is provided below.

AASB 3: Business Combinations (revised 2008) clarifies that only those components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the subsidiary's net assets in the event of the subsidiary's liquidation can be measured by the acquirer at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are to be measured by the acquirer at the acquisition date fair values, unless another measurement basis is required by another Australian Accounting Standard.

AASB 3: Business Combinations (revised 2008) clarifies that an acquirer measures a liability or an equity instrument related to share-based payment transactions of the acquiree in existence at the date of acquisition in accordance with the method in AASB 2 ("market-based measure") at the acquisition date.

Notes to and forming part of the Financial Statements for the half year ended 30th June 2011
(continued)

In addition, the Amending Standard clarifies that, in respect to any outstanding share-based payment transactions of the acquiree that the acquirer does not exchange for its share-based payment transactions:

- vested transactions are part of the non-controlling interests in the acquiree and are measured at their market-based measure; and
- unvested transactions are measured at their market-based measure and the measured amount is allocated to the non-controlling interests on the basis of the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period. The balance is allocated to post-combination service.

AASB 3: Business Combinations (revised 2008) clarifies that contingent consideration balances arising from business combinations whose acquisition dates preceded the date when the acquirer first applied AASB 3 (revised 2008) are not to be adjusted upon first application of AASB 3 (revised 2008).

AASB 121: The Effects of Changes in Foreign Exchange Rates, AASB 128: Investments in Associates and AASB 131: Interests in Joint Ventures clarify the transition requirements for amendments made to AASB 121, AASB 128 and AASB 131 by AASB 2008–3: Amendments to Australian Accounting Standards arising from the Annual Improvements Project with respect to the treatment of cumulative exchange differences upon the loss of control of a subsidiary, loss of significant influence over an associate, or loss of control over a jointly controlled entity when these entities are foreign operations.

Application of the amendments in AASB 2010–3 did not have a material impact on the financial statements of the Group.

- AASB 2009–14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]

AASB 2009–14 amends AASB Interpretation 14: AASB 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction to address the accounting implications of an entity prepaying contributions in respect of a defined benefit plan and being required to pay minimum contributions in circumstances where the entity recognises a defined benefit asset.

Where a minimum funding requirement requires an entity to make a fixed level of contributions to a defined benefit plan each period, and the entity is unable to receive any surplus as a refund, the minimum funding requirement effectively prevents the entity from utilising any defined benefit surplus by reducing future contributions. Accordingly, under the amendments in AASB 2009–14, the entity's asset would be limited to the amount of any prepayment of contributions.

However, in circumstances where an entity is required to maintain its defined benefit plan at a minimum funding level (such as plan assets equal to or greater than 100% of members' accrued benefits), and the entity is unable to receive any surplus as a refund, the recognition of an asset arising from any surplus would be subject to the surplus being available to the entity for reducing future contributions.

Accordingly, under the amendments in AASB 2009–14, the entity would recognise an asset comprising:

- any prepayment of contributions in respect of future services costs; and
- the amount of any surplus excluding any prepayment if it is available to the entity for reducing future contributions; or
- no additional asset if any surplus excluding any prepayment is not available to the entity for reducing future contributions.

Application of the amendments in AASB 2009–14 did not have a material impact on the financial statements of the Group.

Notes to and forming part of the Financial Statements for the half year ended 30th June 2011
(continued)

- AASB 124: Related Party Disclosures (December 2009)

AASB 124 (December 2009) introduces a number of changes to the accounting treatment of related parties compared to AASB 124 (December 2005, as amended), including the following.

- the definition of a related party is simplified, clarifying its intended meaning and eliminating inconsistencies from the definition, including:
 - the definition now identifies a subsidiary and an associate with the same investor as related parties of each other;
 - entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other;
 - the definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other; and
 - the definition now clarifies that a post-employment benefit plan and an employer sponsor of such a plan are related parties of each other.
- A partial exemption is provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.

Application of AASB 124 (December 2009) did not have a material impact on the financial statements of the Group.

- AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]

This standard details numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
- AASB 7 is amended to add an explicit statement that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- AASB 101 is amended to clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- AASB 134 is amended by adding a number of examples to the list of events and transactions that require disclosure under AASB 134; and
- sundry editorial amendments to various Standards and interpretations.

Application of the amendments in AASB 2010–4 did not have a material impact on the financial statements of the Group.

- AASB 2010–5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]

Notes to and forming part of the Financial Statements for the half year ended 30th June 2011
(continued)

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements. Accordingly, application of the amendments in AASB 2010-5 did not have a material impact on the financial statements of the Group.

8.7 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 30th June 2011

Notes to and forming part of the Financial Statements for the half year ended 30th June 2011
(continued)

8.7 SEGMENT INFORMATION (continued)

Segment Performance

2011

	Europe	Middle East	Australia	China	Other	Total continuing operations	Inter-segment elimination/ Unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue								
Sales to external customers	11,111	8,264	4,506	14,103	2,880	40,864	-	40,864
Total sales revenue	11,111	8,264	4,506	14,103	2,880	40,864	-	40,864
Other revenue/income	-	-	-	-	-	-	798	798
Total segment revenue/income	11,111	8,264	4,506	14,103	2,880	40,864	798	41,662
Result								
Segment result								
Profit before income tax	468	348	190	594	122	1,722	(482)	1,240
Income tax expense								(255)
Net profit for the half-year								985
Unallocated:								
Interest received								43
Foreign currency gain								486
Overprovision - bad debts								34
Other income								235
								798
Head office expenses								(460)
Financial expenses								(655)
Other expenses								(165)
								(482)

Oriental Technologies Investment Limited – Half-Year Report 30th June 2011

Notes to and forming part of the Financial Statements for the half year ended 30th June 2011
(continued)

8.7 SEGMENT INFORMATION (continued)

2010

	Europe	Middle East	Australia	China	Other	Total continuing operations	Inter-segment elimination/ Unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue								
Sales to external customers	12,016	7,781	5,993	7,376	1,850	35,016	326	35,342
Total sales revenue	12,016	7,781	5,993	7,376	1,850	35,016	326	35,342
Other revenue/income	-	-	-	-	-	-	932	932
Total segment revenue/income	12,016	7,781	5,993	7,376	1,850	35,016	1,258	36,274
Result								
Segment result								
Profit before income tax	161	104	80	99	25	469	137	606
Income tax expense								(141)
Net profit for the half-year								465
Unallocated:								
Other income								690
Interest received								39
Foreign currency gain								203
								932
Head office expenses								(458)
Other expenses								(337)
								137

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.

Oriental Technologies Investment Limited – Half-Year Report 30th June 2011

Notes to and forming part of the Financial Statements for the half year ended 30th June 2011
(continued)

8.7 SEGMENT INFORMATION (continued)

Assets and Liabilities by Country

	China		Australia		Consolidated	
	2011 \$'000	31 st December 2010 \$'000	2011 \$'000	31 st December 2010 \$'000	2011 \$'000	31 st December 2010 \$'000
Assets	42,112	41,483	798	1,108	42,910	42,591
Liabilities	(25,522)	(25,769)	(66)	(136)	(25,588)	(25,905)
Net Assets	16,590	15,714	732	972	17,322	16,686

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 31st December 2010.

8.8 EQUITY SECURITIES ISSUED AND GRANTED

Oriental Technologies Investment Limited has issued share options to employees in accordance with the Orientech Share Option Plan. Each option is for one ordinary share and may be exercised within the exercise period or if there is earlier termination of the option. An option cannot be exercised unless the option holder has provided not less than 24 months service to the Company (unless the Directors determined otherwise). Details of options granted are:

Series 2 Options

Issue Date: 18 May 2005

Exercise Period: Within the five-year period ending on 17 May 2010 and have now expired.

Exercise Price: 9.9 cents per share.

Total number issued: on issue date 200,000

Series 3 Options

Issue Date: 16 November 2007

Exercise Period: Within the five-year period ending on 15 November 2012.

Exercise Price: 7.0 cents per share.

Total number issued: on issue date 10,500,000

	Note	Consolidated	
		2011 Number	2010 Number
Ordinary Shares			
Balance 1 January		126,361,087	126,361,087
Balance 30 June		126,361,087	126,361,087
Series 2 Options			
Balance 1 January		-	200,000
Expired 17 May 2010		-	(200,000)
Balance 30 June		-	-
Series 3 Options			
Balance 1 January		10,500,000	10,500,000
Balance 30 June		10,500,000	10,500,000
Total options and unissued ordinary shares subject to options 30 June		10,500,000	10,500,000

Oriental Technologies Investment Limited – Half-Year Report 30th June 2011

Notes to and forming part of the Financial Statements for the half year ended 30th June 2011 (continued)

8.9 COMMITMENTS

	Consolidated	
	2011	31 st December 2010
	\$'000	\$'000
Machinery costs contracted but not provided net of deposit paid in financial statements:		
Within one year	70	1,057
Later than one year but not later than 5 years	-	-
Later than 5 years	-	-
	<u>70</u>	<u>1,057</u>

8.10 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.

8.11 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 thousand dollars. Amounts have been rounded off in the directors' report and financial report in accordance with that Class Order.

Oriental Technologies Investment Limited – Half-Year Report 30th June 2011

9. DECLARATION BY DIRECTORS

The Directors of the Company declare that:

1. The financial statements and notes comprising the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity, and accompanying notes are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standard AASB 134 Interim Financial Reporting; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 30th June 2011 and of its performance for the half-year ended on that date;
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.

Sydney 30 August 2011

Signed in accordance with a resolution of the Board of Directors

A handwritten signature in dark ink, appearing to read "G. McMahon", written in a cursive style.

Gerard McMahon
Chairman

RSM Bird Cameron Partners

Chartered Accountants

RSM Bird Cameron Partners
Level 12, 60 Castlereagh Street Sydney NSW 2000
GPO Box 5138 Sydney NSW 2001
T +61 2 9233 8933 F +61 2 9233 8521
www.rsmi.com.au

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 2011, 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

Chartered Accountants



C J Hume

Partner

Sydney NSW

Dated: 30 August 2011

11. INDEPENDENT REVIEW REPORT