



A.C.N. 063 656 333
A.B.N. 64 063 656 333

VIETNAM INDUSTRIAL INVESTMENTS LIMITED

27 February 2009

Company Announcements Office
Australian Stock Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sirs

APPENDIX 4E

Please find attached Appendix 4E for the year ended 31 December 2008.

Yours faithfully
VIETNAM INDUSTRIAL INVESTMENTS LIMITED

ALAN A. YOUNG
Managing Director
(Chief Operating Officer)

APPENDIX 4E

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

(Corresponding year: 31 December 2007)

Results for announcement to the market

				\$'000
Revenues from ordinary activities	Up	56%	to	391,894
Profit from ordinary activities after tax attributable to members	Up	698%	to	11,190
Net Profit for the period attributable to members	Up	698%	to	11,190
Dividends (distributions)	Amount per security	Franked amount per security		
Interim dividend	Nil			Nil
Previous corresponding period	Nil			Nil

Attached are the following:

- Commentaries for the net results for the year attributable to members
- Balance Sheet
- Income Statement
- Statement of Changes in Equity
- Cash Flow Statement
- Earnings Per Share calculation

NTA Backing	Current Period	Previous Corresponding Period
Net tangible asset per ordinary security	19.47 cents per share	6.68 cents per share

COMPLIANCE STATEMENT

There had been no entities gained or lost control during the year.

The consolidated entity did not have any associates or joint venture entities during the year.

The applicable accounting standards used by the consolidated entity have been prepared in accordance with the Australian equivalents to International Financial Reporting Standards.

The Financial Report for the year ended 31 December 2008 is in the process of being audited.

ALAN A. YOUNG
Managing Director
(Chief Operating Officer)

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

REVIEW OF OPERATIONS

This operational and financial review reports on the period under review for the Company and its businesses in Vietnam, Austnam Joint Stock Corporation (“Austnam”), SSESTEEL Ltd (“SSESTEEL”), Total Building Systems Limited (“TBS”), Vinausteel Limited (“Vinausteel”) and VRC Weldmesh (Vietnam) Ltd (“VRC”). Foreign exchange rates at 31 December 2008 were US\$0.6928/A\$ and VND17,486/US\$ (2007: US\$0.8816/A\$ and VND16,114/US\$). Weighted average exchange rates for the year ended 31 December 2008 were US\$0.8525/A\$ and VND16,388/US\$ (2007: US\$0.8432/A\$ and VND16,127/US\$).

The consolidated profit after tax and minority interests for the year ended 31 December 2008 was \$11.19 million (2007: \$1.40 million). The improved results are due to the performance of the Vinausteel and SSESTEEL rolling mill operations in Hai Phong which have traded profitably as a result of rising steel prices during a period of high demand and an effective billet procurement strategy. This demand softened considerably and sales dropped significantly for the second half of 2008. These operations contributed an operating profit of A\$11.77 million on combined revenues of A\$367 million which are higher than the results for the prior period (2007: Operating profit A\$3.38 million; Revenues A\$230 million).

For the remaining operations, VRC and Austnam reported a small loss for the year. The TBS operation has reported a net loss for the year ended 31 December 2008 of VND18.9 billion (A\$1.36 million) (2007: loss VND10.9 billion (A\$0.80 million)). TBS’ result was adversely affected by non-performance of consulting contracts amounting to VND 8.3 billion (A\$0.60 million). VII has provided additional working capital funding of A\$0.73 million and advances to TBS of A\$0.59 million during the year. VII management continues to review TBS’ operation by assessing its core capabilities and business opportunities, and realigning its financial, operational and management capabilities, and securing bank facilities.

Corporate

On 29 January 2008, the Company announced a renounceable rights issue to existing shareholders on the basis of one (1) new share for every two (2) shares held on 6 February 2008, at a price of A\$0.15 per new share to raise a maximum of approximately A\$7.75 million (before costs). The offer closed on 26 February 2008 and raised A\$5.84 million (before costs).

On 5 March 2008, the Company issued 38,957,421 fully paid ordinary shares to those shareholders who accepted their entitlements. The number of shares issued at this date is 142,277,423.

The Company has provided security to various banks for banking facilities provided to Vietnam subsidiaries in the form of letters of guarantee totalling US\$22.23 million (A\$32.09 million) (2007: US\$17.8 million or A\$20.2 million) and security to the supplier of machinery and equipment to SSESTEEL in the form of a letter of guarantee totalling Euro 0.43 million (A\$0.85 million) (2007: Euro 2.5 million or A\$4.1 million). At 31 December 2008 the total interest bearing liabilities drawdown to which these corporate guarantees relate to were US\$12.42 million (A\$17.93 million) (2007: US\$8.07 million or A\$9.15 million).

Principal Activities

The principal activities of the Company during the year were the investments in Vietnam through its operating subsidiaries, Austnam Joint Stock Corporation, SSESTEEL Ltd, Total Building Systems Ltd, Vinausteel Ltd, and VRC Weldmesh (Vietnam) Ltd.

RESULTS OF VIETNAM OPERATIONS

The results of the Vietnam operations are as follows:

Austnam Joint Stock Corporation (VII 67%)

Austnam produces metal roofing and cladding from its factory in Hanoi which it distributes in that city and surrounding provinces. Austnam is one of a limited number of foreign invested enterprises which has been converted into a joint stock corporation.

Sales for 2008 were 544,772m² which was 9% lower than the previous year (595,903m²). This represented sales revenue of VND73.4 billion (A\$5.25 million), an increase of 7% on 2007 (VND68.6 billion or A\$5.04 million). The increase in sales revenue was due to the raw material costs which were passed on in higher sales price. Austnam reported a net loss after tax of VND0.5 billion (A\$0.04 million), a decrease from the 2007 loss of VND2.8 billion (A\$0.20 million). Austnam’s operating result continues to be adversely affected by the increasing competitiveness of the Vietnam metal roofing market.

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

SSESTEEL Ltd (VII 100%)

SSESTEEL owns and operates a fully automated rolling mill based in Haiphong, the first company in Vietnam to introduce this advanced technology. It produces high tensile rebar and wire rod for the construction industry.

SSESTEEL achieved 118,694 tonnes of rebar sales (2007: 106,334 tonnes) and wire rod sales of 55,315 tonnes (2007: 46,568 tonnes). Sales revenue was VND2.7 trillion (A\$196.46 million), up 71% on 2007 (VND1.60 trillion or A\$117.86 million). The SSESTEEL operation reported a net profit after tax of VND 152 billion (A\$10.90 million), however at Group level, a net profit after tax of VND162 billion (A\$11.58 million) (2007: profit VND18.7 billion or A\$1.38 million) is recorded after add back of depreciation of impaired fixed assets of VND9.5 billion (A\$0.68 million) (2007: VND9.5 billion or A\$ 0.70 million). The SSESTEEL operation improved its operating performance during the year as a result of increased construction activity and rising finished steel prices, particularly in the first seven (7) months of 2008.

During the year, VII provided a capital contribution to SSESTEEL of A\$1.60 million to assist with SSESTEEL's working capital requirements.

Also during the year, SSESTEEL secured an area of land for its billet plant project. As at 31 December 2008, it recognised construction in progress of A\$0.95 million. (2007: Nil). SSESTEEL is assessing various equipment suppliers and financing options.

SSESTEEL has a net current asset deficiency at 31 December 2008 of A\$2.64 million (2007: A\$14.48 million) which is due to the majority of its borrowings from financiers being due for renewal within 12 months of balance date. Its net asset position improved to A\$6.62 million (2007: net asset deficiency of A\$7.43 million).

VII has provided security to various banks for banking facilities provided to SSESTEEL in the form of letters of guarantee totalling US\$8.43 million (A\$12.17 million) (2007: US\$6.43 million or A\$7.29 million) and security to the supplier of machinery and equipment to SSESTEEL in the form of a letter of guarantee totalling Euro 0.43 million (A\$0.85 million) (2007: Euro 2.5 million or A\$4.1 million). At 31 December 2008, the total interest bearing liabilities drawdown to which these corporate guarantees relate to were US\$7.04 million (A\$10.17 million) (2007: US\$4.84 million or A\$5.49 million).

The Board will continue to closely monitor the net current asset deficiency in the SSESTEEL operation.

Total Building Systems Limited (VII 99%)

Total Building Systems Limited ("TBS") is a full service building systems provider supplying engineering services, building systems and construction services to industrial and residential consumers in Vietnam. That is, a steel building maker that offers full service from engineering through to construction, including a wide range of products from building accessories to complete building systems.

Total revenues for the year were VND93.2 billion or A\$6.67 million (2007: VND92.7 billion or A\$6.82 million) as a result of completing several construction projects in Vietnam. However, TBS reported a net loss after tax for the year of VND18.9 billion (A\$1.36 million) (2007: loss of VND10.9 billion or A\$0.80 million). TBS' result was adversely affected by non-performance of consulting contracts amounting to VND 8.3 billion (A\$0.60 million).

During the year, TBS converted its VII debt to equity of A\$1.56 million. VII provided a capital contribution to TBS of A\$0.73 million to assist its working capital requirements. The Company's equity interest in TBS increased from 98% to 99%.

During the year, TBS acquired an area of land for building a new factory to increase its production. Due to the current economic climate, TBS has put the factory construction on hold. As at 31 December 2008, it recognised construction in progress of A\$0.82 million. (2007: Nil).

Vinausteel Limited (VII 70%)

Vinausteel owns and operates a steel rolling mill in Haiphong which produces round and deformed reinforcing steel bar for the construction industry. Vinausteel reported a net profit after tax of VND28.9 billion (A\$2.08 million) (2007 profit: VND38.9 billion or A\$2.86 million).

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

Vinausteel Limited (VII 70%) (continued)

Sales for 2008 were 155,755 tonnes, an increase of 4% on the previous year (149,585 tonnes). This represented sales revenue of VND2.4 trillion (A\$170.99 million) up 56% on 2007 (VND1.5 trillion or A\$112.62 million).

As a result of worsening economic conditions, Vinausteel revised a dividend declared but not paid from VND100 billion (A\$4.43 million) reported previously to VND30 billion (A\$2.60 million) of which the share attributable to the Company is VND21 billion (A\$1.82 million).

During the year, Vinausteel commenced an upgrade of its new furnace to improve operating efficiency. As at 31 December 2008, it recognised construction in progress of A\$1.31 million (2007: Nil).

VRC Weldmesh (Vietnam) Ltd (VII 100%)

VRC produces welded steel mesh concrete reinforcing and steel fencing which are supplied throughout Vietnam. The operation has a purpose built factory in Ho Chi Minh City and operates factory premises in Hanoi.

Sales for the year were 8,701 tonnes which was 6% lower than the previous year (9,226 tonnes). This represented sales revenue of VND141 billion (A\$10.10 million) up 41% on 2007 (VND100 billion or A\$7.35 million). Sales were higher as a result of increased construction activity. VRC introduced a new product “cut and bend” to the market. In 2008, the operation in Vietnam reported a profit of VND282 million (A\$0.02 million), however, at Group level, a net loss after tax of VND1.5 billion (A\$0.11 million) (2007 loss: VND3.3 billion or A\$0.24 million) is recorded after adjustment for unrealised foreign exchange loss on loans of VND1.6 billion (A\$0.11 million) with VII.

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

BALANCE SHEET AS AT 31 DECEMBER 2008

	CONSOLIDATED	
	2008	2007
	\$'000	\$'000
ASSETS		
Current Assets		
Cash and cash equivalents	28,529	12,349
Trade and other receivables	23,461	19,835
Inventories	40,077	22,395
Financial assets – at fair value through profit or loss	37	210
Other current assets	418	406
Total Current Assets	<u>92,522</u>	<u>55,195</u>
Non-current Assets		
Receivables	184	155
Property, plant and equipment	16,823	13,138
Intangible assets and goodwill	659	595
Total Non-current Assets	<u>17,666</u>	<u>13,888</u>
TOTAL ASSETS	<u>110,188</u>	<u>69,083</u>
LIABILITIES		
Current Liabilities		
Trade and other payables	13,888	25,223
Advances from customers	19,363	5,772
Income tax payable	-	1,110
Interest-bearing loans and borrowings	40,691	20,872
Provisions	881	1,035
Total Current Liabilities	<u>74,823</u>	<u>54,012</u>
Non-current Liabilities		
Interest-bearing loans and borrowings	822	2,254
Deferred tax liabilities	11	20
Total Non-current Liabilities	<u>833</u>	<u>2,274</u>
TOTAL LIABILITIES	<u>75,656</u>	<u>56,286</u>
NET ASSETS	<u>34,532</u>	<u>12,797</u>
EQUITY		
Equity attributable to equity holders of parent		
Contributed equity	27,819	22,057
Reserves	3,989	73
Accumulated losses	(3,461)	(14,651)
Parent interests	<u>28,347</u>	<u>7,479</u>
Minority interests	<u>6,185</u>	<u>5,318</u>
TOTAL EQUITY	<u>34,532</u>	<u>12,797</u>

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

INCOME STATEMENT

	CONSOLIDATED	
	2008	2007
	\$'000	\$'000
Sale of goods	382,818	242,475
Contract revenue	6,670	7,219
Other revenue	987	227
	<hr/>	<hr/>
Revenue	390,475	249,921
Cost of sales	(360,446)	(233,840)
	<hr/>	<hr/>
Gross profit	30,029	16,081
Other income	1,419	922
Marketing expenses	(5,169)	(3,290)
Administrative expenses	(9,439)	(6,211)
Finance costs	(4,169)	(2,537)
Loss on the re-measurement of disposal group previously classified as held for sale	-	(1,388)
	<hr/>	<hr/>
Profit before income tax	12,671	3,577
Income tax expense	(884)	(1,403)
	<hr/>	<hr/>
Net profit for the year	11,787	2,174
Attributable to:		
Minority interests	597	773
Members of the Parent	11,190	1,401
	<hr/>	<hr/>
Earnings per share for profit attributable to the ordinary equity holders of the Company:	Cents	Cents
- Basic and diluted earnings per share	8.26	1.36

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008

CONSOLIDATED	<i>Attributable to equity holders of the parent</i>					<i>Minority interest</i>	<i>Total equity</i>
	<i>Contributed equity</i>	<i>Foreign currency translation reserves</i>	<i>Accumulated losses</i>	<i>Other reserves</i>	<i>Total</i>		
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
At 1 January 2007	22,057	(403)	(16,052)	1,124	6,726	5,345	12,071
Currency translation differences	-	(648)	-	-	(648)	(570)	(1,218)
Total income and expense recognised directly in equity	-	(648)	-	-	(648)	(570)	(1,218)
Net profit for the year	-	-	1,401	-	1,401	773	2,174
Total income and expense for the year	-	(648)	1,401	-	753	203	956
Dividends	-	-	-	-	-	(230)	(230)
At 31 December 2007	22,057	(1,051)	(14,651)	1,124	7,479	5,318	12,797
At 1 January 2008	22,057	(1,051)	(14,651)	1,124	7,479	5,318	12,797
Issuance of Ordinary Shares	5,843	-	-	-	5,843	-	5,843
Transaction costs	(81)	-	-	-	(81)	-	(81)
Currency translation differences	-	3,916	-	-	3,916	1,050	4,966
Total income and expense recognised directly in equity	-	3,916	-	-	3,916	1,050	4,966
Net profit for the year	-	-	11,190	-	11,190	597	11,787
Total income and expense for the year	-	-	11,190	-	11,190	597	11,787
Dividends	-	-	-	-	-	(780)	(780)
At 31 December 2008	27,819	2,865	(3,461)	1,124	28,347	6,185	34,532

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

CASH FLOW STATEMENT

	CONSOLIDATED	
	2008	2007
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	390,907	253,430
Payments to suppliers and employees (inclusive of GST)	(388,103)	(238,820)
Interest received	910	111
Interest paid	(4,169)	(2,468)
Income taxes paid	(2,594)	(572)
Net cash flows (used in)/provided by operating activities	(3,049)	11,681
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	4	97
Purchase of property, plant and equipment	(3,112)	(169)
Proceeds from sale of financial assets at fair value through profit or loss	-	293
Purchase of financial assets at fair value through profit or loss	-	(10)
Acquisition of intangible assets	(27)	(11)
Net cash flows (used in)/provided by investing activities	(3,135)	200
Cash flows from financing activities		
Proceeds from bank borrowings	168,460	144,488
(Repayment)/proceeds from other borrowings	(1,500)	1,500
Repayment of bank borrowings	(154,452)	(147,666)
Issuance of ordinary shares	5,843	-
Transaction costs	(81)	-
Dividends paid to minority interest	-	(230)
Net cash flows provided by/(used in) financing activities	18,270	(1,908)
Net increase in cash and cash equivalents	12,086	9,973
Net foreign exchange differences	4,094	(527)
Cash and cash equivalents at beginning of year	12,349	2,903
Cash and cash equivalents at end of year	28,529	12,349

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

SEGMENT REPORTING

Geographical segments

The consolidated entity operates predominantly in two geographical areas – Australia and Vietnam. The Group's geographical segments are determined based on the location of the Group's assets. The home country of the parent company is Australia where the holding investment company is located. The Vietnam manufacturing operations consist of the wire rod and rebar activities of Vinausteel Limited and SSESTEEL Ltd. Austnam Joint Stock Corporation, Total Building Systems Ltd, and VRC Weldmesh (Vietnam) Ltd are primarily engaged in the manufacturing and trading of electrically welded wire products, steel roofing and steel frames whilst providing total building solutions for the Vietnam construction industry.

	Operations		Vietnam		Total		Eliminations		Consolidated	
	Australia									
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Revenue										
External sales	-	-	382,818	242,475	382,818	242,475	-	-	382,818	242,475
Intersegment										
Sales	-	-	17,567	16,016	17,567	16,016	(17,567)	(16,016)	-	-
Contract revenue	-	-	6,670	7,219	6,670	7,219	-	-	6,670	7,219
Interest revenue	121	154	789	99	910	253	-	(142)	910	111
Dividend revenue	1,821	538	-	-	1,821	538	(1,821)	(538)	-	-
Other income	509	566	1,271	716	1,780	1,282	(284)	(244)	1,496	1,038
Total segment revenue	2,451	1,258	409,115	266,525	411,566	267,783	(19,672)	(16,940)	391,894	250,843
Segment results										
Profit/(loss) before tax and finance costs	1,403	13	17,528	7,025	18,931	7,038	(2,091)	(924)	16,840	6,114
Finance costs	(34)	(114)	(4,405)	(2,809)	(4,439)	(2,923)	270	386	(4,169)	(2,537)
Profit/(loss) before tax	1,369	(101)	13,123	4,216	14,492	4,115	(1,821)	(538)	12,671	3,577
Income tax (expense)/benefit	9	3	(893)	(1,406)	(884)	(1,403)	-	-	(884)	(1,403)
Net profit for the year									11,787	2,174

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

SEGMENT REPORTING (CONTINUED)

	Continuing Operations				Total		Eliminations		Consolidated	
	Australia		Vietnam							
	2008 \$ '000	2007 \$ '000	2008 \$ '000	2007 \$ '000	2008 \$ '000	2007 \$ '000	2008 \$ '000	2007 \$ '000	2008 \$ '000	2007 \$ '000
Segment assets	25,601	20,531	126,356	78,503	151,957	99,034	(41,769)	(29,951)	110,188	69,083
Segment Liabilities	253	2,323	91,374	63,160	91,627	65,483	(15,971)	(9,197)	75,656	56,286
Other segment information:										
Capital expenditure	3	-	3,136	180	3,139	180	-	-	3,139	180
Depreciation and amortisation expense	3	4	1,805	1,828	1,808	1,832	-	-	1,808	1,832
Loss on re-measurement	-	-	-	1,388	-	1,388	-	-	-	1,388
Impairment losses	93	-	-	-	93	-	43	-	50	-
Cash flow Information										
Net cashflows from operating activities	(178)	(208)	(1,342)	12,056	(1,520)	11,848	(1,529)	(167)	(3,049)	11,681
Net cashflows from investing activities	(2,323)	67	(7,014)	(300)	(9,337)	(233)	6,202	433	(3,135)	200
Net cashflows from financing activities	3,782	53	18,805	(1,548)	22,587	(1,495)	(4,317)	(413)	18,270	(1,908)

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

ACCUMULATED LOSSES AS AT 31 DECEMBER 2008

	CONSOLIDATED	
	2008	2007
	\$'000	\$'000
Accumulated losses	(3,461)	(14,651)
Movement in accumulated losses		
Opening balance	(14,651)	(16,052)
Net profit for the year	11,190	1,401
Closing balance	(3,461)	(14,651)

EARNINGS PER SHARE

	CONSOLIDATED	
	2008	2007
	\$'000	\$'000
The following reflects the income used in the basic and diluted earnings per share computations:		
Net profit attributable to ordinary equity holders of the Parent	11,190	1,401
	2008	2007
	No. of Shares	No. of Shares
Weighted average number of ordinary shares for basic and diluted earnings per share	135,465,196	103,320,002

Earnings per share for profit attributable to the ordinary equity holders of the Company:

	Cents	Cents
– Basic and diluted earnings per share	8.26	1.36

On 29 January 2008, the Company announced a renounceable rights issue to existing shareholders on the basis of one (1) new share for every two (2) shares held on 6 February 2008, at a price of A\$0.15 per new share to raise a maximum of approximately A\$7.75 million (before costs). The offer closed on 26 February 2008 and raised A\$5.84 million (before costs).

On 5 March 2008, the Company issued 38,957,421 fully paid ordinary shares to those shareholders who accepted their entitlements. The number of shares issued at this date is 142,277,423.

There have been no other transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of this Appendix 4E.