



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

## VIETNAM INDUSTRIAL INVESTMENTS LIMITED

27 February 2017

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 2016.

Yours faithfully

VIETNAM INDUSTRIAL INVESTMENTS LIMITED

LAM VAN HUNG  
Managing Director

## APPENDIX 4E

### PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

(Corresponding year: 31 December 2015)

#### Results for announcement to the market

	2016	2015	Movement	
	\$'000	\$'000	Amount \$'000	%
Revenues from ordinary activities	318,120	357,497	(39,377)	(12%)
Profit from ordinary activities after tax attributable to members	8,614	9,868	(1,254)	(13%)
Net profit for the period attributable to members	8,614	9,868	(1,254)	(13%)

#### Dividend Distribution

On 2 September 2016, the Board declared dividend of 3 (three) Australian cents per ordinary share (fully unfranked) which was paid and dispatched on 16 September 2016 (2015: Nil). The entire dividend was 100% conduit foreign income.

The Directors have not declared or paid dividends at the end of the year (2015: Nil).

	2016 \$'000	2015 \$'000
Declared and paid during the year		
Interim unfranked dividend for 2016: 3 cents per share (2015: NIL)	4,268	-

Attached are the following:

- Commentaries for the net results for the year attributable to members
- Statement of Financial Position
- Statement of Comprehensive Income
- Statement of Changes in Equity
- Statement of Cash Flows
- Segment information
- Retained earnings
- Earnings per share
- Cash and cash equivalents
- Revenues and expenses
- Trade and other receivables
- Advances to suppliers
- Inventories
- Other current assets
- Other receivable
- Property, plant and equipment
- Trade and other payables
- Interest-bearing loans and borrowings

NTA Backing	Current Period	Previous Corresponding Period
Net tangible asset per ordinary security	36.51 cents per share	34.28 cents per share

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

The applicable accounting standards used by the consolidated entity are Australian Accounting Standards issued by the Australian Accounting Standards Board.

The Financial Report for the year ended 31 December 2016 is in the process of being audited.



LAM VAN HUNG  
Managing Director

## **APPENDIX 4E**

### **PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors submit the Appendix 4E of Vietnam Industrial Investments Limited (“VII”, “Company”, “consolidated entity” or “Group”) for the year ended 31 December 2016.

#### **OPERATIONAL AND FINANCIAL REVIEW**

This operational and financial review reports on the period under review for the Company and its businesses in Vietnam, Steel Making Division: Vinausteel Limited (“Vinausteel”), and SSESTEEL Ltd (“SSESTEEL”), and Steel Products Division: Austnam Joint Stock Corporation (“Austnam”), Total Building Systems Limited (“TBS”); and VRC Weldmesh (Vietnam) Ltd (“VRC”).

#### *Net Profit for the year*

The total comprehensive income for the year was \$11.406 million (2015: \$14.897 million). The total comprehensive income for the year consisted of: 1) net profit for the year of \$11.421 million (2015: \$12.163 million), and 2) Foreign currency translation loss of \$0.015 million (2015: gain of \$2.734 million).

For the year ended 31 December 2016, the Group net profit after tax attributable to members was \$8.614 million (2015: \$9.868 million) on revenues of \$318.120 million (2015: \$357.497 million).

The Steel Making Division reported a net profit after tax attributable to members of \$9.718 million (VND161.499 billion) on revenues of \$307.404 million (VND5.113 trillion) (2015: net profit after tax attributable to members of \$10.317 million (VND169.118 billion) on revenues of \$347.662 million (VND5.699 trillion)). In 2016, SSESTEEL reported a net profit after tax of \$3.481 million (2015: \$5.142 million). Whilst, the Group’s share in Vinausteel earned a net profit of \$6.237 million (2015: \$5.175 million). The main contributor to the decline in net profit is the decreased average gross profit margin of the Steel Making Division. The average gross profit margin of this division decreased from 10.4% to 9.8%. During the year, this division’s sale of goods declined due to the drop in average selling prices due to tight competition and general decrease in the raw material costs.

The corporate net loss after tax was \$1.346 million (2015: \$0.702 million).

The Group’s Steel Products Division reported a net profit after tax attributable to members of \$0.242 million (2015: \$0.253 million).

#### *Foreign currency translation*

For the year ended 31 December 2016, the foreign currency translation was a loss of \$0.015 million (2015: a gain of \$2.734 million). In 2016, the Vietnam Dong appreciated slightly against the Australian dollar. The average VND/AUD exchange rate in 2016 was VND16,632, a 1% increase from the average VND/AUD exchange rate of VND16,391 in 2015. The VND/AUD spot rate at 31 December 2016 was VND16,473 (31 December 2015: VND/AUD spot rate of VND16,411). The Australian dollar depreciated against the US dollar in 2016. The Australian dollar spot rate at 31 December 2016 of US\$0.7236/A\$1 was weaker than 31 December 2015 spot rate of US\$0.7306/A\$1.

## **APPENDIX 4E**

### **PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

#### **CASH FLOWS**

At 31 December 2016, cash and cash equivalents was \$76.762 million. There was net increase in cash and cash equivalents during the year of \$13.730 million mainly due to the following:

	<b>\$'000</b>
Increase in net cash flows from operating activities (a)	5,289
Decrease in net cash flows from investing activities (b)	(13,434)
Increase in net cash flows from financing activities (c)	21,770
Net foreign exchange differences	105
	<hr/>
Net Increase	<u>13,730</u>

#### Notes:

- (a) Net cash inflows from operating activities were mainly due to the receipts from customers of \$347.052 million and payment to suppliers and employees of \$337.737 million.
- (b) Net cash outflows from investing activities were due to the funding of term deposits and the acquisition of plant, property and equipment.
- (c) Net cash inflows from financing activities were mainly due to net proceeds of bank borrowings of \$28.202 million, dividend payment to shareholders of \$4.164 million and dividend payment to non-controlling interests of \$2.268 million.

#### **SUBSEQUENT EVENTS AFTER BALANCE DATE**

The Company announced the appointment of a new director, Mr Michael Mann, on 19 January 2017.

At this date of the Appendix 4E, other than the above, there has been no matter or circumstance that has arisen since the end of the year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

#### **LIKELY DEVELOPMENTS**

The consolidated entity expects to continue with the commercial production of rebar and wire rod from VII's rolling mills at Vinausteel and SSESTEEL, roofing and wall cladding at Austnam's factory in Hanoi, and the provision of engineering and project management services by TBS. The scaled down operations of VRC will not be material.

## APPENDIX 4E

### PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Notes	2016 \$'000	2015 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	76,762	63,032
Trade and other receivables	6	9,399	10,797
Advances to suppliers	7	12,230	2,669
Inventories	8	46,777	42,380
Financial assets – at fair value through profit or loss	9	9	9
Other current assets	9	7,750	185
<b>Total Current Assets</b>		<u>152,927</u>	<u>119,072</u>
<b>Non-current Assets</b>			
Other receivable	10	10,935	10,977
Property, plant and equipment	11	12,846	8,390
Other non-current assets		418	464
Deferred tax assets		1,160	27
Intangible assets and goodwill		82	86
<b>Total Non-current Assets</b>		<u>25,441</u>	<u>19,944</u>
<b>TOTAL ASSETS</b>		<u>178,368</u>	<u>139,016</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	12	25,692	17,662
Advances from customers		2,907	4,299
Income tax provision		2,412	2,869
Interest-bearing loans and borrowings	13	86,868	58,614
Provisions		939	892
<b>Total Current Liabilities</b>		<u>118,818</u>	<u>84,336</u>
<b>TOTAL LIABILITIES</b>		<u>118,818</u>	<u>84,336</u>
<b>NET ASSETS</b>		<u>59,550</u>	<u>54,680</u>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of parent</b>			
Contributed equity		27,819	27,819
Reserves		(4,909)	(4,869)
Retained earnings	2	30,283	25,937
<b>Parent interests</b>		<u>53,193</u>	<u>48,887</u>
<b>Non-controlling interests</b>		<u>6,357</u>	<u>5,793</u>
<b>TOTAL EQUITY</b>		<u>59,550</u>	<u>54,680</u>

## APPENDIX 4E

### PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

#### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 \$'000	2015 \$'000
<b>Continuing operations</b>			
Sale of goods		312,648	352,167
Contract revenue		2,329	3,770
Other revenue	5	3,143	1,560
		<hr/>	<hr/>
<b>Revenue</b>		318,120	357,497
Cost of sales	5	(282,901)	(318,229)
		<hr/>	<hr/>
<b>Gross profit</b>		35,219	39,268
Other income	5	571	702
Selling expenses	5	(6,920)	(8,921)
Administrative expenses	5	(11,854)	(11,572)
Finance costs	5	(3,294)	(3,468)
		<hr/>	<hr/>
<b>Profit before income tax</b>		13,722	16,009
Income tax expense		(2,301)	(3,846)
		<hr/>	<hr/>
<b>Net profit for the year</b>		11,421	12,163
		<hr/> <hr/>	<hr/> <hr/>
<b>Other comprehensive (loss)/income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences – attributable to parent		(40)	2,492
<i>Items that may not be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences – attributable to non-controlling interests		25	242
		<hr/>	<hr/>
<b>Other comprehensive (loss)/income for the year</b>		(15)	2,734
		<hr/>	<hr/>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		11,406	14,897
		<hr/> <hr/>	<hr/> <hr/>
Profit attributable to:			
Owners of parent		8,614	9,868
Non-controlling interests		2,807	2,295
		<hr/>	<hr/>
		11,421	12,163
		<hr/> <hr/>	<hr/> <hr/>
Total comprehensive income attributable to:			
Owners of parent		8,574	12,360
Non-controlling interests		2,832	2,537
		<hr/>	<hr/>
		11,406	14,897
		<hr/> <hr/>	<hr/> <hr/>
		Cents	Cents
<b>Earnings per share (cents per share) attributable to the ordinary equity holders of the Company:</b>			
– Basic and diluted earnings per share	3	6.05	6.94

## APPENDIX 4E

### PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

#### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	<i>Attributable to equity holders of the parent</i>					<i>Non-controlling interests</i>	<i>Total equity</i>
	<i>Contributed equity</i>	<i>Foreign currency translation reserves</i>	<i>Retained earnings</i>	<i>Legal reserves</i>	<i>Owners of the parent</i>		
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
<b>At 1 January 2016</b>	27,819	(5,993)	25,937	1,124	48,887	5,793	54,680
Net profit for the year	-	-	8,614	-	8,614	2,807	11,421
Other comprehensive loss	-	(40)	-	-	(40)	25	(15)
<b>Total comprehensive income for the year</b>	-	(40)	8,614	-	8,574	2,832	11,406
<b>Dividends to shareholders</b>	-	-	(4,268)	-	(4,268)	-	(4,268)
<b>Dividends by subsidiaries</b>	-	-	-	-	-	(2,268)	(2,268)
<b>At 31 December 2016</b>	27,819	(6,033)	30,283	1,124	53,193	6,357	59,550
<b>At 1 January 2015</b>	27,819	(8,485)	16,069	1,124	36,527	3,651	40,178
Net profit for the year	-	-	9,868	-	9,868	2,295	12,163
Other comprehensive income	-	2,492	-	-	2,492	242	2,734
<b>Total comprehensive income for the year</b>	-	2,492	9,868	-	12,360	2,537	14,897
<b>Dividends by subsidiaries</b>	-	-	-	-	-	(395)	(395)
<b>At 31 December 2015</b>	27,819	(5,993)	25,937	1,124	48,887	5,793	54,680

## APPENDIX 4E

### PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

#### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 \$'000	2015 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of VAT)		347,052	396,876
Payments to suppliers and employees (inclusive of VAT)		(337,737)	(362,078)
Interest received		3,143	1,560
Interest paid		(3,294)	(3,468)
Income taxes paid		(3,875)	(1,783)
<b>Net cash flows provided by operating activities</b>		<u>5,289</u>	<u>31,107</u>
<b>Cash flows from investing activities</b>			
Funding of term deposits		(7,291)	-
Purchase of property, plant and equipment		(6,280)	(1,288)
Purchase of software costs		-	(10)
Proceeds from sale of property, plant and equipment and intangible asset		137	-
<b>Net cash flows used in investing activities</b>		<u>(13,434)</u>	<u>(1,298)</u>
<b>Cash flows from financing activities</b>			
Proceeds from bank borrowings		315,648	254,198
Repayment of bank borrowings		(287,446)	(257,531)
Dividends paid to shareholders		(4,164)	-
Dividends paid to non-controlling interests		(2,268)	(395)
<b>Net cash flows provided by/(used in) financing activities</b>		<u>21,770</u>	<u>(3,728)</u>
Net increase in cash and cash equivalents		13,625	26,081
Net foreign exchange differences		105	2,291
Cash and cash equivalents at beginning of year		63,032	34,660
<b>Cash and cash equivalents at end of year</b>	4	<u>76,762</u>	<u>63,032</u>



# APPENDIX 4E

## PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

### 1. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by the Board based on the manner in which the product is sold and the nature of the services provided. Discrete financial information about each of these operating businesses is reported to the Board on a regular basis.

The Group has two main reportable segments: Steel Making and Steel Products, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. The following summary describes the operations in each Group reportable segment:

**Steel Making:** includes the manufacturing and selling of wire rod and rebar activities of Vinausteel Limited and SSESTEEL Ltd. These companies are domiciled and main customers in Vietnam.

**Steel Products:** comprise of Austnam Joint Stock Corporation, Total Building Systems Ltd, and VRC Weldmesh (Vietnam) Limited which are primarily engaged in the manufacturing and trading of steel roofing and steel frames; engineering and project management services; and manufacturing and trading welded wire mesh. These companies are domiciled and main customers in Vietnam.

**Unallocated:** relates to corporate charges of Parent in Australia, British Virgin Islands and Singapore entities which are separately accounted from the business segments.

#### Segment Performance

	Steel Making (Vietnam) \$'000	Steel Products (Vietnam) \$'000	Unallocated Note (i) \$'000	Total \$'000	Adjustments and eliminations \$'000	Consolidated \$'000
<b>Year ended 31 December 2016</b>						
<b>Revenues</b>						
External revenues	307,404	7,573	-	314,977	-	314,977
Inter-segment revenues	13	1,139	-	1,152	(1,152)	-
Other revenues	3,103	40	-	3,143	-	3,143
Total segment revenues	<u>310,520</u>	<u>8,752</u>	<u>-</u>	<u>319,272</u>	<u>(1,152)</u>	<u>318,120</u>
<b>Results</b>						
Other income	299	212	60	571	-	571
Finance costs	<u>(3,615)</u>	<u>(22)</u>	<u>-</u>	<u>(3,637)</u>	343	<u>(3,294)</u>
Segment results before income tax	14,563	505	-	15,068	-	15,068
Income tax expense	<u>(2,172)</u>	<u>(129)</u>	<u>-</u>	<u>(2,301)</u>	<u>-</u>	<u>(2,301)</u>
Segment results after tax	12,391	376	-	12,757	-	12,757
Corporate charges	-	-	(1,346)	(1,346)	-	(1,346)
Net profit/(loss) after tax from continuing operations	<u>12,391</u>	<u>376</u>	<u>(1,346)</u>	<u>11,421</u>	<u>-</u>	<u>11,421</u>

Note (i) – Australia, British Virgin Islands and Singapore

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### PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

#### 1. SEGMENT INFORMATION (continued)

	Steel Making (Vietnam) \$'000	Steel Products (Vietnam) \$'000	Unallocated Note (i) \$'000	Total \$'000	Adjustments and eliminations \$'000	Consolidated \$'000
<b>Year ended 31 December 2015</b>						
<b>Revenues</b>						
External revenues	347,662	8,275	-	355,937	-	355,937
Inter-segment revenues	13	553	-	566	(566)	-
Other revenues	1,475	85	-	1,560	-	1,560
Total segment revenues	349,150	8,913	-	358,063	(566)	357,497
<b>Results</b>						
Other income	293	349	60	702	-	702
Finance costs	(3,812)	(3)	-	(3,815)	347	(3,468)
Segment results before income tax	16,297	414	-	16,711	-	16,711
Income tax expense	(3,761)	(85)	-	(3,846)	-	(3,846)
Segment results after tax	12,536	329	-	12,865	-	12,865
Corporate charges	-	-	(702)	(702)	-	(702)
Net profit/(loss) after tax from continuing operations	12,536	329	(702)	12,163	-	12,163

	Steel Making (Vietnam) \$'000	Steel Products (Vietnam) \$'000	Unallocated Note (i) \$'000	Total \$'000
<b>Segment assets</b>				
<b>At 31 December 2016</b>				
Segment operating assets	173,573	5,476	907	179,956
Inter-segment eliminations	-	-	-	(1,588)
Total assets per statement of financial position				178,368
<b>At 31 December 2015</b>				
Segment operating assets	132,526	6,936	1,031	140,493
Inter-segment eliminations	-	-	-	(1,477)
Total assets per statement of financial position				139,016
<b>Segment liabilities</b>				
<b>At 31 December 2016</b>				
Segment operating liabilities	116,095	3,369	942	120,406
Inter-segment eliminations	-	-	-	(1,588)
Total liabilities per statement of financial position				118,818
<b>At 31 December 2015</b>				
Segment operating liabilities	80,066	5,020	725	85,811
Inter-segment eliminations	-	-	-	(1,475)
Total liabilities per statement of financial position				84,336

Note (i) – Australia, British Virgin Islands and Singapore

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### PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

#### 2. RETAINED EARNINGS

	2016 \$'000	2015 \$'000
Retained earnings	30,283	25,937
Movement in retained earnings		
Opening balance	25,937	16,069
Net profit for the year	8,614	9,868
Dividends to shareholders	(4,268)	-
Closing balance	30,283	25,937

#### 3. EARNINGS PER SHARE

	2016 \$'000	2015 \$'000
Net profit attributable to ordinary equity holders of the Parent for basic and diluted loss	8,614	9,868
	2016 No. of Shares	2015 No. of Shares
Weighted average number of ordinary shares for basic and diluted earnings per share	142,277,423	142,277,423

	Cents	Cents
<b>Earnings per share (cents per share) for profit attributable to the ordinary equity holders of the Company:</b>		
– Basic and diluted earnings per share	6.05	6.94

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.

#### 4. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents are comprised of the following:

	2016 \$'000	2015 \$'000
Cash at bank and in hand	3,159	10,405
Short-term deposits	73,603	52,627
	76,762	63,032

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### PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

#### 5. REVENUES AND EXPENSES

##### Revenues and expenses from continuing operations

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
<b>(a) Other revenue</b>		
Interest income-banks	2,261	1,560
Interest income-other	882	-
	<u>3,143</u>	<u>1,560</u>
<b>(b) Other income</b>		
Rent income	100	165
Financial and executive services income	60	60
Other	411	477
	<u>571</u>	<u>702</u>
<b>(c) Cost of sales</b>		
Cost of goods sold	(281,123)	(315,005)
Construction costs	(1,778)	(3,224)
	<u>(282,901)</u>	<u>(318,229)</u>
<b>(d) Finance costs</b>		
Bank loans and other borrowings	(3,294)	(3,468)
<b>(e) Selling expenses</b>		
Promotional expenses	(2,623)	(3,907)
Salaries and wages	(1,139)	(1,354)
Consultancy sales expenses	(86)	(1,116)
Advertising expenses	(899)	(937)
Delivery expenses	(131)	(456)
Other	(2,042)	(1,151)
	<u>(6,920)</u>	<u>(8,921)</u>
<b>(f) Administrative expenses</b>		
Salaries and employee benefits expenses	(5,709)	(5,192)
Impairment of receivables	(266)	(907)
Travel expense	(517)	(614)
Professional fees	(332)	(231)
Rent expense	(575)	(472)
Other	(4,455)	(4,156)
	<u>(11,854)</u>	<u>(11,572)</u>
<b>(g) Depreciation and amortisation</b>		
Depreciation expense	(1,625)	(1,590)
Amortisation of intangible assets	(3)	(3)
	<u>(1,628)</u>	<u>(1,593)</u>

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### PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

#### 6. TRADE AND OTHER RECEIVABLES

	<b>2016</b> <b>\$'000</b>	2015 \$'000
Trade receivables	8,414	8,739
Allowance for impairment loss	(3,195)	(2,938)
	<u>5,219</u>	<u>5,801</u>
Construction contract receivables	1,104	2,548
Allowance for impairment loss	(47)	(47)
	<u>1,057</u>	<u>2,501</u>
Other receivables	3,294	2,666
Allowance for impairment loss	(171)	(171)
	<u>3,123</u>	<u>2,495</u>
Carrying amount of trade and other receivables	<u>9,399</u>	<u>10,797</u>

#### 7. ADVANCES TO SUPPLIERS

	<b>2016</b> <b>\$'000</b>	2015 \$'000
Other suppliers	12,230	2,669
	<u>12,230</u>	<u>2,669</u>

#### 8. INVENTORIES

	<b>2016</b> <b>\$'000</b>	2015 \$'000
Raw materials – at lower of cost and net realisable value	25,890	26,916
Construction in progress – at cost	-	262
Finished goods – at lower of cost and net realisable value	20,887	15,202
Total inventories at lower of cost and net realisable value	<u>46,777</u>	<u>42,380</u>

#### 9. OTHER CURRENT ASSETS

	<b>2016</b> <b>\$'000</b>	2015 \$'000
Term deposits	7,291	-
Prepayments	442	185
Other deposits	17	-
	<u>7,750</u>	<u>185</u>

Term deposits mature in six (6) to nine (9) months and bear interest rates ranging from 5.5% to 6.7% (2015: Nil).

#### 10. OTHER RECEIVABLE

	<b>2016</b> <b>\$'000</b>	2015 \$'000
Other receivable	10,935	10,977
	<u>10,935</u>	<u>10,977</u>

Other receivable relates to an advance to a supplier and is secured by a second charge over the counterparty's assets.

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### PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

#### 11. PROPERTY, PLANT AND EQUIPMENT

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
Building on leasehold land		
- Cost	9,283	8,423
- Accumulated depreciation	(5,754)	(5,918)
Net carrying amount	<u>3,529</u>	<u>2,505</u>
Plant and equipment		
- Cost	31,201	27,603
- Accumulated depreciation and impairment	(24,452)	(24,316)
Net carrying amount	<u>6,749</u>	<u>3,287</u>
Motor vehicles		
- Cost	3,074	2,464
- Accumulated depreciation	(2,107)	(1,844)
Net carrying amount	<u>967</u>	<u>620</u>
Construction in progress – cost	<u>1,601</u>	<u>1,978</u>
Net carrying amount	<u>12,846</u>	<u>8,390</u>

#### 12. TRADE AND OTHER PAYABLES

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
Trade payables	10,780	4,006
Other payables	14,192	13,062
Related party payables		
- key management personnel	720	594
	<u>25,692</u>	<u>17,662</u>

#### 13. INTEREST-BEARING LOANS AND BORROWINGS

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
Current		
Bank loans – secured	86,868	58,614
	<u>86,868</u>	<u>58,614</u>

#### Terms and conditions of Interest bearing loans and borrowings

Outstanding bank loans of \$86.868 million (2015: \$58.614 million) relate to loans from various banks in Vietnam which are valued in Vietnamese Dong and US Dollar. These interest bearing liabilities of the Group's operating subsidiaries have various repayment terms. The Group's operating subsidiaries in Vietnam have banking facilities with various banks in Vietnam for working capital and project finance purposes. These facilities are secured by a chattel pledge over machinery, equipment, receivables and inventories of the subsidiaries and in certain instances, by the guarantee of Vietnam Industrial Investments Limited ("Parent"). The Parent has provided security to various banks for banking facilities provided to Vietnam subsidiaries in the form of letters of guarantee totalling US\$16.162 million (\$22.336 million) (2015: US\$16.294 million (\$22.302 million)). At 31 December 2016 the total interest bearing liabilities drawn down to which these corporate guarantees relate to were US\$10.581 million (\$14.623 million) (2015: US\$9.180 million (\$12.565 million)).

## **APPENDIX 4E**

### **PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**

#### **14. FOREIGN CURRENCY TRANSLATION**

The foreign currency translation in the statement of comprehensive income reflects the movement of foreign currency between the assets and liabilities of the Vietnam subsidiaries and the investment in an associate which are translated to Australian Dollars (presentation currency) at the prevailing rate at the reporting date, and the results of these subsidiaries and associate which are translated at exchange rates as at the date of each transaction.

#### **15. SUBSEQUENT EVENT AFTER BALANCE DATE**

The Company announced the appointment of a new director, Mr Michael Mann, on 19 January 2017.

At this date of the Appendix 4E, other than the above, there has been no matter or circumstance that has arisen since the end of the year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.