



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

VIETNAM INDUSTRIAL INVESTMENTS LIMITED

26 February 2010

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 2009.

Yours faithfully
VIETNAM INDUSTRIAL INVESTMENTS LIMITED

ALAN A. YOUNG
Managing Director
(Chief Operating Officer)

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

(Corresponding year: 31 December 2008)

Results for announcement to the market

				\$'000
Revenues from ordinary activities	Down	4%	to	374,522
Profit from ordinary activities after tax attributable to members	Up	126%	to	25,341
Net Profit for the period attributable to members	Up	126%	to	25,341
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
- Statement of Financial Position
- Statement of Comprehensive Income
- Statement of Changes in Equity
- Statement of Cash Flows
- Segment Information
- Retained earnings reconciliation
- Earnings Per Share calculation
- Investment in Associate

NTA Backing	Current Period	Previous Corresponding Period
Net tangible asset per ordinary security	31.31 cents per share	19.47 cents per share

COMPLIANCE STATEMENT

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

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

The Financial Report for the year ended 31 December 2009 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 2009

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 2009 were US\$0.8969/A\$ and VND18,479/US\$ (2008: US\$0.6928/A\$ and VND17,486/US\$). Average exchange rates for the year ended 31 December 2009 were US\$0.7987/A\$ and VND18,087/US\$ (2008: US\$0.8525/A\$ and VND16,388/US\$).

For the year ended 31 December 2009, the unaudited Group operating profit attributable to members was \$25.341 million on revenues of \$370.068 million (2008: Operating profit \$11.190 million on revenues of \$389.488 million). As SSESTEEL continued to improve its operating performance, the Company made a reversal of impaired fixed assets of \$4.957 million. The improved results were due to the performance of the Steel Making segment (Vinausteel and SSESTEEL). This segment contributed an operating profit of \$24.84 million (\$29.797 million including the impairment reversal) on revenues of \$357.497 million (2008: operating profit of \$13.032 million on revenues \$367.457 million).

The improved performance of the Steel Making operations in 2009 was in part due to the recovery in the infrastructure, construction and property development industries. The Vietnamese government implemented economic stimulus measures to boost economic growth which enabled the Steel Making operations to increase sales to record levels to meet the high demand for construction steel.

Despite the efforts to maintain break even, the Group’s Steel Products segment (Austnam, TBS and VRC Weldmesh) returned a loss of \$2.251 million.

SSESTEEL’s unaudited share in net loss of associate Dinh Vu Steel for the period to 31 December 2009 is \$0.152 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 revenue was VND62.442 billion (\$4.323 million) which was a decrease of 15% on 2008 (VND73.389 billion or \$5.253 million). Austnam’s operation continues to be adversely affected by the increasing competitiveness of the Vietnam metal roofing market.

During 2009, Austnam restructured its sale and production operations, managed interest expense on loans and leased out the new office building in November 2009 which improved its financial performance for the year ended 31 December 2009 recording a profit of VND2.554 billion (\$0.177 million) (2008: loss VND0.5 billion or \$0.036 million).

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

RESULTS OF VIETNAM OPERATIONS (CONTINUED)

SSESTEEL Ltd (VII 100%)

SSESTEEL owns and operates a fully automated rolling mill located in Haiphong which produces high tensile rebar and wire rod for the construction industry.

SSESTEEL achieved rebar sales of 190,746 tonnes (2008: 126,611 tonnes), wire rod sales of 91,905 tonnes (2008: 55,315 tonnes) and toll milling of 5,818 tonnes (2008: 13,756 tonnes). Sales revenue was VND2.997 trillion (\$207.441 million), up 9% on 2008 (VND2.745 trillion or \$196.463 million). The SSESTEEL operation reported a net profit after tax of VND263.293 billion (\$18.244 million). However at Group level, SSESTEEL's net profit after tax was VND345.447 billion (\$23.201 million) after the reversal of SSESTEEL's impaired assets of VND82.154 billion or \$4.957 million (2008: profit VND161.779 billion or \$11.580 million after the add back of depreciation of impaired fixed assets of VND9.494 billion (\$0.680 million)).

Total Building Systems Limited (VII 99%)

Total Building Systems Limited ("TBS") is a building systems provider supplying engineering services, building systems and construction services to industrial and residential consumers in Vietnam.

Revenues for the year ended 31 December 2009 were VND40.263 billion (\$2.787 million) (2008: VND93.247 billion (\$6.674 million)). TBS reported a net loss after tax for the year of VND17.749 billion (\$1.229 million) (2008: loss of VND18.936 billion or \$1.355 million).

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.

Sales for 2009 were 201,029 tonnes, an increase of 29% on the previous year (155,755 tonnes). Sales revenue was VND2.168 trillion (\$150.056 million), lower by 9% on 2008 (VND2.389 trillion or \$170.993 million). Vinausteel reported a net profit for the year of VND136.120 billion (\$9.423 million) (2008: VND 28.993 billion or \$2.075 million).

During the year, Vinausteel declared an interim dividend of VND70 billion (\$5.138 million) of which VII's share is VND49 billion (\$3.597 million).

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 leases factory premises in Haiphong.

VRC recorded a significant loss of VND16.652 billion (\$1.153 million) for the year ended 31 December 2009 (2008 loss: VND1.484 billion or \$0.106 million). During 2009, VRC did not maximise its factory utilisation and sales significantly dropped. The drop in sales revenue contributed to the significant loss during the year. Sales for the year were 6,403 tonnes which was 26% lower than the previous year (8,701 tonnes). This represented sales revenue of VND79.187 billion (\$5.482 million) down 44% on 2008 (VND141.159 billion or \$10.104 million).

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

FINANCIAL REVIEW

The net increase in cash during the year of \$45.033 million was due to the following:

	\$'000
Increase in net cash flows from operating activities	15,320
Decrease in net cash flows from investing activities	(7,643)
Increase in net cash flows from financing activities	50,637
Net foreign exchange differences	<u>(13,281)</u>
	<u><u>45,033</u></u>

Increase in net cash flows from operating activities was due to the increase in interest income received of \$3.099 million (2008: \$0.910 million) evidenced by the increase in short-term deposits and decrease in payment to suppliers and employees of \$341.730 million (2008: \$388.103 million) as a result of managing the Group's operating costs, particularly the cost of raw materials.

Decrease in net cash flows from investing activities was attributed to the Group's acquisition of 20.51% interest in Dinh Vu Steel Stock Company of \$3.906 million (2008: nil) and purchases of property and equipment of \$3.797 million (2008: \$3.112 million).

The significant increase in net cash flows from financing activities was due to the net cash inflow from bank borrowings of \$52.956 million. The Steel Making segment benefited from the recovery in the infrastructure, construction and property development industries by increasing sales to record levels to meet the high demand for construction steel.

The Company has provided security to various banks for banking facilities provided to Vietnam subsidiaries in the form of letters of guarantee totalling US\$19.900 million (\$22.188 million) (2008: US\$22.230 million or \$32.087 million). At 31 December 2009 the total interest bearing liabilities drawdown to which these corporate guarantees relate to were US\$4.845 million (\$5.401 million) (2008: US\$12.515 million or \$18.065 million).

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2009

	CONSOLIDATED	
	2009	2008
	\$'000	\$'000
ASSETS		
Current Assets		
Cash and cash equivalents	73,562	28,529
Trade and other receivables	28,738	23,461
Inventories	39,907	40,077
Financial assets – at fair value through profit or loss	67	37
Other current assets	455	418
Total Current Assets	<u>142,729</u>	<u>92,522</u>
Non-current Assets		
Receivables	146	184
Investment in an associate	3,178	-
Property, plant and equipment	19,207	16,823
Intangible assets and goodwill	398	659
Total Non-current Assets	<u>22,929</u>	<u>17,666</u>
TOTAL ASSETS	<u>165,658</u>	<u>110,188</u>
LIABILITIES		
Current Liabilities		
Trade and other payables	18,573	13,888
Advances from customers	13,685	19,363
Income tax payable	4,041	-
Interest-bearing loans and borrowings	73,725	40,691
Provisions	2,154	881
Total Current Liabilities	<u>112,178</u>	<u>74,823</u>
Non-current Liabilities		
Interest-bearing loans and borrowings	2,776	822
Deferred tax liabilities	-	11
Total Non-current Liabilities	<u>2,776</u>	<u>833</u>
TOTAL LIABILITIES	<u>114,954</u>	<u>75,656</u>
NET ASSETS	<u>50,704</u>	<u>34,532</u>
EQUITY		
Equity attributable to equity holders of parent		
Contributed equity	27,819	27,819
Reserves	(4,755)	3,989
Retained earnings/(accumulated losses)	21,880	(3,461)
Parent interests	<u>44,944</u>	<u>28,347</u>
Minority interests	<u>5,760</u>	<u>6,185</u>
TOTAL EQUITY	<u>50,704</u>	<u>34,532</u>

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2009

	CONSOLIDATED	
	2009	2008
	\$'000	\$'000
Sale of goods	367,218	382,818
Contract revenue	2,850	6,670
Other revenue	3,099	910
Revenue	373,167	390,398
Cost of sales	(316,891)	(360,446)
Gross profit	56,276	29,952
Other income	1,355	1,496
Reversal of impairment of fixed assets	4,957	-
Marketing expenses	(8,040)	(5,169)
Administrative expenses	(15,625)	(9,439)
Finance costs	(5,800)	(4,169)
Impairment loss on goodwill	(114)	-
Share in net loss of an associate	(152)	-
Profit before income tax	32,857	12,671
Income tax expense	(4,643)	(884)
Net profit for the year	28,214	11,787
Other comprehensive income		
Foreign currency translation	(10,501)	4,966
Other comprehensive income for the year	(10,501)	4,966
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	17,713	16,753
Profit attributable to:		
Owners of parent	25,341	11,190
Non-controlling interest	2,873	597
	28,214	11,787
Total comprehensive income attributable to:		
Owners of parent	16,597	15,106
Non-controlling interest	1,116	1,647
	17,713	16,753
	Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:		
– Basic and diluted earnings per share	17.81	8.26

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

	<i>Attributable to equity holders of the parent</i>					<i>Non-controlling interest</i>	<i>Total equity</i>
	<i>Contributed equity</i>	<i>Foreign currency translation reserves</i>	<i>Retained earnings/ (accumulated losses)</i>	<i>Other reserves</i>	<i>Owners of the parent</i>		
CONSOLIDATED	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
At 1 January 2008	22,057	(1,051)	(14,651)	1,124	7,479	5,318	12,797
Net profit for the year	-	-	11,190	-	11,190	597	11,787
Other comprehensive income	-	3,916	-	-	3,916	1,050	4,966
Total comprehensive income for the year	-	3,916	11,190	-	15,106	1,647	16,753
Issuance of Ordinary Shares	5,843	-	-	-	5,843	-	5,843
Transaction costs	(81)	-	-	-	(81)	-	(81)
Dividends by subsidiaries	-	-	-	-	-	(780)	(780)
At 31 December 2008	27,819	2,865	(3,461)	1,124	28,347	6,185	34,532
At 1 January 2009	27,819	2,865	(3,461)	1,124	28,347	6,185	34,532
Net profit for the year	-	-	25,341	-	25,341	2,873	28,214
Other comprehensive income	-	(8,744)	-	-	(8,744)	(1,757)	(10,501)
Total comprehensive income for the year	-	(8,744)	25,341	-	16,597	1,116	17,713
Dividends by subsidiaries	-	-	-	-	-	(1,541)	(1,541)
At 31 December 2009	27,819	(5,879)	21,880	1,124	44,944	5,760	50,704

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2009

	CONSOLIDATED	
	2009	2008
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	357,432	390,907
Payments to suppliers and employees (inclusive of GST)	(341,740)	(388,103)
Interest received	3,099	910
Interest paid	(4,030)	(4,169)
Income taxes refund/ (paid)	559	(2,594)
Net cash flows provided by/(used in) operating activities	15,320	(3,049)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,797)	(3,112)
Acquisition of investments	(3,906)	-
Proceeds from sale of property, plant and equipment	61	4
Acquisition of intangible assets	(1)	(27)
Net cash flows used in investing activities	(7,643)	(3,135)
Cash flows from financing activities		
Proceeds from bank borrowings	244,281	168,460
Repayment of other borrowings	-	(1,500)
Repayment of bank borrowings	(191,325)	(154,452)
Issuance of ordinary shares	-	5,843
Transaction costs	-	(81)
Dividends paid to non-controlling interest	(2,319)	-
Net cash flows provided by financing activities	50,637	18,270
Net increase in cash and cash equivalents	58,314	12,086
Net foreign exchange differences	(13,281)	4,094
Cash and cash equivalents at beginning of year	28,529	12,349
Cash and cash equivalents at end of year	73,562	28,529

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

SEGMENT INFORMATION

The segment note reflects the requirements of AASB 8 *Operating Segments*.

As this is the first time the Group has adopted AASB 8 *Operating Segments* the accounting policies have been provided so readers of the segment information have a complete understanding of the disclosures.

Identification of reportable segments

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.

Steel Products: includes Austnam Joint Stock Corporation, Total Building Systems Ltd, and VRC Weldmesh (Vietnam) Ltd which are primarily engaged in the manufacturing and trading of steel roofing and steel frames, electrically welded wire products, and engineering and project management services.

Others: relates to corporate charges which are separately accounted from the business segments.

The reportable segments are based on aggregated operating segments determined by the similarity of the products produced and sold and/or the services provided, as these are the sources of the Group's major risks and have the most effect on the rates of return.

The Group's two reportable segments are located in Vietnam. The Group provides the majority of its products and services to customers based in Vietnam.

The Board of directors review the results of the reportable segments during their meetings.

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision makers with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

SEGMENT INFORMATION (continued)

Segment Performance

	Steel Making \$'000	Steel Products \$'000	Total \$'000
Year ended 31 December 2009			
Revenues			
External revenues	357,497	12,591	370,088
Inter-segment revenues	2,439	229	2,668
Interest income	3,022	36	3,058
Other revenues	946	289	1,235
Total segment revenues	<u>363,904</u>	<u>13,145</u>	377,049
Inter-segment elimination			(2,668)
Other/unallocated revenues			<u>141</u>
Total revenue and other income per statement of comprehensive income			<u>374,522</u>
Results			
Segment results after tax	27,819	(2,204)	25,615
Share of net loss of an associate			(152)
Reversal of impairment of assets			4,957
Impairment of goodwill			(114)
Corporate charges			<u>(2,092)</u>
Net profit after tax			<u>28,214</u>
Year ended 31 December 2008			
Revenues			
External revenues	367,457	22,031	389,488
Inter-segment revenues	2,338	12,918	15,256
Interest income	736	53	789
Other revenues	1,013	150	1,163
Total segment revenues	<u>371,544</u>	<u>35,152</u>	406,696
Inter-segment elimination			(15,256)
Other/unallocated revenues			<u>454</u>
Total revenue and other income per statement of comprehensive income			<u>391,894</u>
Results			
Segment results after tax	13,655	(1,497)	12,158
Corporate charges			<u>(371)</u>
Net profit after tax			<u>11,787</u>

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

SEGMENT INFORMATION (continued)

	Steel Making \$'000	Steel Products \$'000	Total \$'000
Segment assets			
At 31 December 2009			
Segment operating assets	149,987	9,075	159,062
Inter-segment eliminations			(1,279)
Unallocated assets			4,620
Investment in an associate			3,178
Intangibles			77
Total assets per statement of financial position			<u>165,658</u>
At 31 December 2008			
Segment operating assets	98,625	14,278	112,903
Inter-segment eliminations			(4,947)
Unallocated assets			2,041
Intangibles			191
Total assets per statement of financial position			<u>110,188</u>
Segment liabilities			
At 31 December 2009			
Segment operating liabilities	109,583	7,665	117,248
Inter-segment eliminations			(2,844)
Unallocated liabilities			550
Total liabilities per statement of financial position			<u>114,954</u>
At 31 December 2008			
Segment operating liabilities	72,972	9,719	82,691
Inter-segment eliminations			(7,583)
Unallocated liabilities			548
Total liabilities per statement of financial position			<u>75,656</u>

RETAINED EARNINGS/(ACCUMULATED LOSSES)

	CONSOLIDATED	
	2009 \$'000	2008 \$'000
Retained earnings/(accumulated losses)	<u>21,880</u>	<u>(3,461)</u>
Movement in retained earnings/(accumulated losses)		
Opening balance	(3,461)	(14,651)
Net profit for the year	25,341	11,190
Closing balance	<u>21,880</u>	<u>(3,461)</u>

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EARNINGS PER SHARE

	CONSOLIDATED	
	2009	2008
	\$'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	25,341	11,190

Weighted average number of ordinary shares for basic and diluted earnings per share

	2009	2008
	No. of Shares	No. of Shares
	142,277,423	135,465,196

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

	Cents	Cents
– Basic and diluted earnings per share	17.81	8.26

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.

SIGNIFICANT ITEMS

Net profit after tax includes the following whose disclosure is relevant in explaining the financial performance of the Group:

	CONSOLIDATED	
	2009	2008
	\$'000	\$'000
Reversal of impairment of fixed assets	4,957	-
Foreign exchange loss	(5,733)	(2,380)
Impairment of goodwill	(114)	-

CASH AND CASH EQUIVALENTS

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

Cash at bank and in hand	9,838	6,998
Short-term deposits	63,724	21,531
	<u>73,562</u>	<u>28,529</u>

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INVESTMENT IN AN ASSOCIATE

	CONSOLIDATED	
	2009 \$'000	2008 \$'000
(a) Investment details		
Investment in associate - listed	3,178	-

Name	Principal Activity	Country of Incorporation	Balance Date	Ownership Interest (%)	
				2009	2008
Dinh Vu Steel Stock Company	Manufacturing of steel products	Vietnam	31 December	20.51	-

On 18 August 2009, the Group via SSESTEEL Ltd acquired 20.51% of Dinh Vu Steel Stock Company.

The Group has significant influence over the associate as the Group is represented on the associate's Board of Management and the Group's employees provide financial assistance to this company.

(b) Share of associate's net loss

The Group recognised share in net loss of an associate using the equity method of \$0.152 million in the year ended 31 December 2009 (2008: Nil).

SUBSEQUENT EVENT AFTER BALANCE DATE

Subsequent to balance date, SSESTEEL has increased its equity in Dinh Vu Steel to 30% following the investment of a further VND100 billion (\$6.171 million).

Other than the above, there has been no other 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.