



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

## VIETNAM INDUSTRIAL INVESTMENTS LIMITED

28 February 2012

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 2011.

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 2011

(Corresponding year: 31 December 2010)

#### Results for announcement to the market

	2011	2010	Movement	
	\$'000	\$'000	Amount \$'000	%
Revenues from ordinary activities	438,414	495,845	(57,431)	12%
Profit from ordinary activities after tax attributable to members	8,659	6,892	1,767	26%
Net Profit for the period attributable to members	8,659	6,892	1,767	26%
<b>Dividends (distributions)</b>	Amount per security	Franked amount per security		
Interim dividend	Nil	Nil		
Previous corresponding period	Nil	Nil		
No dividends declared and paid during the year (2010: 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	34.17 cents per share	31.23 cents per share

#### COMPLIANCE STATEMENT

There had been no entities which control had been gained 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 2011 is in the process of being audited.

ALAN A. YOUNG  
**Managing Director**  
**(Chief Operating Officer)**

## **APPENDIX 4E**

### **PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2011**

The directors submit the Appendix 4E of Vietnam Industrial Investments Limited (“Company”, “consolidated entity” or “Group”) for the year ended 31 December 2011.

#### **REVIEW OF OPERATIONS**

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”).

The unaudited total comprehensive income for the year was \$6.469 million which was significantly higher than previous year’s total comprehensive income of \$0.208 million. The total comprehensive income for the year consisted of: 1) Net profit for the year of \$9.600 million (2010: \$8.161 million), and 2) Foreign currency translation of a loss of \$3.131 million (2010: loss of \$7.953 million).

#### *Net Profit for the year*

For the year ended 31 December 2011, the unaudited Group operating profit attributable to members was \$8.659 million on revenues of \$434.490 million (2010: Operating profit \$6.892 million on revenues of \$494.652 million).

The Steel Making Division generated more than 95% of the Group’s total results, contributing an unaudited operating profit of VND176.370 billion on revenues of VND9.108 trillion (2010: Operating profit after tax VND158.881 billion on revenue of VND8.471 trillion). The increased revenue is due to higher steel prices and revenues from non-core products and increased sales volumes.

The Steel Making Division result included the share in net loss of associate, Dinh Vu Steel Stock Company (“DVS”), (SSESTEEL 48.52%) for the year ended 31 December 2011 of \$0.990 million (2010: \$1.365 million).

On 26 December 2011, SSESTEEL sold all of its shares in its investment in associate for \$7.025 million. As a result, for the year ended 31 December 2011, the net loss on the disposal of its investment in associate was \$0.767 million.

Despite the efforts to break even, the Group’s Steel Products Division (Austnam, TBS and VRC) continued to report a loss of \$0.433 million (2010: loss of \$0.671 million). The loss is caused by VRC’s poor performance. Both Austnam and TBS generated a small operating profit.

The Directors have not yet given consideration to payment of a dividend for the period under review (2010: Nil).

#### *Foreign currency translation*

For the year ended 31 December 2011, the foreign currency translation was a loss of \$3.131 million (2010: loss of \$7.953 million). Significant depreciation of the Vietnam Dong has impacted on Group profitability reported in Australian dollars (Average exchange rate in 2011 VND21,537/A\$1 and average exchange rate in 2010 VND17,667/A\$1). The Vietnam Dong rate had further depreciated to VND21,363/A\$1 at 31 December 2011 from 31 December 2010 VND19,818/A\$1. The Australian dollar rate at 31 December 2011 was US\$1.0156/A\$1 which remained consistent with 31 December 2010 US\$1.0163/A\$1.

## **APPENDIX 4E**

### **PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2011**

#### **FINANCIAL REVIEW**

At 31 December 2011, cash and cash equivalents is \$25.246 million. There was net decrease in cash during the year of \$9.621 million due to the following:

	<b>\$'000</b>
Decrease in net cash flows from operating activities (a)	(2,203)
Increase in net cash flows from investing activities (b)	5,742
Decrease in net cash flows from financing activities	(11,180)
Net foreign exchange differences	(1,980)
	<hr/>
Net Decrease	<u>(9,621)</u>

#### Notes:

- (a) Net cash outflows from operating activities was due to the reduction of receipts from customers of \$434.105 million, an increase in interest paid on loans of \$8.554 million and increase in payment to suppliers and employees of \$428.127 million due largely to increased raw material costs and other operating costs. Funds used in operating activities were largely due to working capital requirements.
- (b) On 26 December 2011, SSESTEEL sold all of its shares in DVS and received \$7.025 million cash which resulted in an increase in net cash flows from investing activities.

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

At this date of the Appendix 4E, 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 to focus on 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, welded steel reinforcing and fencing at VRC's factory in Ho Chi Minh City, and the provision of engineering and project management services by TBS.

The consolidated entity continues to assess the feasibility of establishing a billet plant in Vietnam.

## APPENDIX 4E

### PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	Notes	2011 \$'000	2010 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	25,246	34,867
Trade and other receivables		14,657	19,652
Advances to suppliers		27,051	25,219
Inventories		55,667	55,747
Financial assets – at fair value through profit or loss		28	27
Other current assets		434	200
<b>Total Current Assets</b>		<u>123,083</u>	<u>135,712</u>
<b>Non-current Assets</b>			
Receivables		29	148
Investments in an associate	6	-	9,766
Property, plant and equipment		13,489	15,039
Deferred tax assets		1,637	-
Intangible assets and goodwill		301	329
<b>Total Non-current Assets</b>		<u>15,456</u>	<u>25,282</u>
<b>TOTAL ASSETS</b>		<u>138,539</u>	<u>160,994</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		15,244	11,593
Advances from customers		3,826	19,199
Income tax provision		1,889	2,230
Interest-bearing loans and borrowings		61,676	76,901
Provisions		654	1,416
<b>Total Current Liabilities</b>		<u>83,289</u>	<u>111,339</u>
<b>Non-current Liabilities</b>			
Interest-bearing loans and borrowings		235	1,109
<b>Total Non-current Liabilities</b>		<u>235</u>	<u>1,109</u>
<b>TOTAL LIABILITIES</b>		<u>83,524</u>	<u>112,448</u>
<b>NET ASSETS</b>		<u>55,015</u>	<u>48,546</u>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of parent</b>			
Contributed equity		27,819	27,819
Reserves		(14,691)	(11,826)
Retained earnings	2	37,431	28,772
<b>Parent interests</b>		<u>50,559</u>	<u>44,765</u>
<b>Non-controlling interests</b>		<u>4,456</u>	<u>3,781</u>
<b>TOTAL EQUITY</b>		<u>55,015</u>	<u>48,546</u>

## APPENDIX 4E

### PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

#### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 \$'000	2010 \$'000
Sale of goods		427,944	488,060
Contract revenue		4,668	3,356
Other revenue		1,878	3,236
<b>Revenue</b>		<b>434,490</b>	<b>494,652</b>
Cost of sales		(408,731)	(457,724)
<b>Gross profit</b>		<b>25,759</b>	<b>36,928</b>
Other income		3,924	1,193
Marketing expenses		(4,353)	(2,789)
Administrative expenses	4	(5,767)	(14,990)
Finance costs		(8,554)	(7,899)
Share of net loss of an associate		(990)	(1,365)
Loss on disposal of investment of an associate		(767)	-
<b>Profit before income tax</b>		<b>9,252</b>	<b>11,078</b>
Income tax benefit/(expense)		348	(2,917)
<b>Net profit for the year</b>		<b>9,600</b>	<b>8,161</b>
<b>Other comprehensive loss</b>			
Foreign currency translation		(3,131)	(7,953)
<b>Other comprehensive loss for the year</b>		<b>(3,131)</b>	<b>(7,953)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>6,469</b>	<b>208</b>
Profit attributable to:			
Owners of parent		8,659	6,892
Non-controlling interests		941	1,269
		<b>9,600</b>	<b>8,161</b>
Total comprehensive income attributable to:			
Owners of parent		5,794	(179)
Non-controlling interests		675	387
		<b>6,469</b>	<b>208</b>
		Cents	Cents
<b>Earnings per share for profit attributable to the ordinary equity holders of the Company:</b>			
- Basic and diluted earnings per share	3	6.09	4.84

## APPENDIX 4E

### PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

#### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011

	<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>	
<b>At 1 January 2010</b>	27,819	(5,879)	21,880	1,124	44,944	5,760	50,704
Net profit for the year	-	-	6,892	-	6,892	1,269	8,161
Other comprehensive income (loss)	-	(7,071)	-	-	(7,071)	(882)	(7,953)
<b>Total comprehensive (loss)/ income for the year</b>	-	(7,071)	6,892	-	(179)	387	208
<b>Dividends paid by subsidiaries</b>	-	-	-	-	-	(2,366)	(2,366)
<b>At 31 December 2010</b>	27,819	(12,950)	28,772	1,124	44,765	3,781	48,546
<b>At 1 January 2011</b>	27,819	(12,950)	28,772	1,124	44,765	3,781	48,546
Net profit for the year	-	-	8,659	-	8,659	941	9,600
Other comprehensive loss	-	(2,865)	-	-	(2,865)	(266)	(3,131)
<b>Total comprehensive income for the year</b>	-	(2,865)	8,659	-	5,794	675	6,469
<b>Dividends paid by subsidiaries</b>	-	-	-	-	-	-	-
<b>At 31 December 2011</b>	27,819	(15,815)	37,431	1,124	50,559	4,456	55,015

## APPENDIX 4E

### PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

#### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 \$'000	2010 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		434,105	468,581
Payments to suppliers and employees (inclusive of GST)		(428,127)	(494,872)
Interest received		1,878	3,236
Interest paid		(8,554)	(7,899)
Income taxes paid		(1,505)	(4,123)
<b>Net cash flows used in operating activities</b>		<u>(2,203)</u>	<u>(35,077)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(1,297)	(899)
Proceeds from sale of an associate	6	7,025	-
Acquisition of an associate		-	(9,821)
Proceeds from sale of property, plant and equipment		16	31
Acquisition of software		(2)	-
<b>Net cash flows provided by/(used in) investing activities</b>		<u>5,742</u>	<u>(10,689)</u>
<b>Cash flows from financing activities</b>			
Proceeds from bank borrowings		202,654	244,683
Repayment of bank borrowings		(213,027)	(228,943)
Dividends paid to minority interest		(807)	(1,559)
<b>Net cash flows (used in)/provided by financing activities</b>		<u>(11,180)</u>	<u>14,181</u>
Net decrease in cash and cash equivalents		(7,641)	(31,585)
Net foreign exchange differences		(1,980)	(7,110)
Cash and cash equivalents at beginning of year		34,867	73,562
<b>Cash and cash equivalents at end of year</b>	5	<u>25,246</u>	<u>34,867</u>



## **APPENDIX 4E**

### **PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2011**

#### **1. SEGMENT INFORMATION**

##### **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 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 the provision of 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.

## APPENDIX 4E

### PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

#### 1. SEGMENT INFORMATION (continued)

##### Segment Performance

	Steel Making \$'000	Steel Products \$'000	Others \$'000	Total \$'000
<b>Year ended 31 December 2011</b>				
<b>Revenues</b>				
External revenues	422,909	9,703	-	432,612
Inter-segment revenues	-	60	-	60
Interest income	1,832	45	-	1,877
Other revenues	3,693	187	-	3,880
Total segment revenues	428,434	9,995	-	438,429
Inter-segment elimination	-	-	-	(60)
Other/unallocated revenues	-	-	45	45
Total revenue and other income per statement of comprehensive income				<u>438,414</u>
<b>Results</b>				
Segment results before income tax	12,251	(392)	-	11,859
Income tax benefit/(expense)	363	(15)	-	348
Segment results after tax	12,614	(407)	-	12,207
Share of net loss of an associate	(990)	-	-	(990)
Net loss on disposal of investment in an associate	(767)	-	-	(767)
Corporate charges	-	-	(850)	(850)
Net profit after tax				<u>9,600</u>
<b>Year ended 31 December 2010</b>				
<b>Revenues</b>				
External revenues	479,499	11,918	-	491,417
Inter-segment revenues	420	182	-	602
Interest income	3,162	56	-	3,218
Other revenues	833	300	-	1,133
Total segment revenues	483,914	12,456	-	496,370
Inter-segment elimination	-	-	-	(602)
Other/unallocated revenues	-	-	77	77
Total revenue and other income per statement of comprehensive income				<u>495,845</u>
<b>Results</b>				
Segment results before tax	14,381	(508)	-	13,873
Income tax expense	(2,857)	(60)	-	(2,917)
Segment results after tax	11,524	(568)	-	10,956
Share of net loss of an associate	(1,365)	-	-	(1,365)
Corporate charges	-	-	(1,430)	(1,430)
Net profit after tax				<u>8,161</u>

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### PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

#### 1. SEGMENT INFORMATION (continued)

	Steel Making \$'000	Steel Products \$'000	Others \$'000	Total \$'000
<b>Segment assets</b>				
<b>At 31 December 2011</b>				
Segment operating assets	133,238	6,480	487	140,205
Inter-segment eliminations	-	-	-	(1,743)
Intangibles	-	-	77	77
Total assets per statement of financial position				<u>138,539</u>
<b>At 31 December 2010</b>				
Segment operating assets	138,777	6,827	6,441	152,045
Inter-segment eliminations	-	-	-	(894)
Investment in an associate	9,766	-	-	9,766
Intangibles	-	-	77	77
Total assets per statement of financial position				<u>160,994</u>
<b>Segment liabilities</b>				
<b>At 31 December 2011</b>				
Segment operating liabilities	86,894	5,732	285	92,911
Inter-segment eliminations	-	-	-	(9,387)
Total liabilities per statement of financial position				<u>83,524</u>
<b>At 31 December 2010</b>				
Segment operating liabilities	110,103	5,577	164	115,844
Inter-segment eliminations	-	-	-	(3,396)
Total liabilities per statement of financial position				<u>112,448</u>

#### 2. RETAINED EARNINGS

	2011 \$'000	2010 \$'000
Retained earnings	<u>37,431</u>	<u>28,772</u>
Movement in retained earnings		
Opening balance	28,772	21,880
Net profit for the year	8,659	6,892
Closing balance	<u>37,431</u>	<u>28,772</u>

## APPENDIX 4E

### PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

#### 3. EARNINGS PER SHARE

	2011 \$'000	2010 \$'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	8,659	6,892
	<b>2011 No. of Shares</b>	<b>2010 No. of Shares</b>
Weighted average number of ordinary shares for basic and diluted earnings per share	142,277,423	142,277,423

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

	Cents	Cents
– Basic and diluted earnings per share	6.09	4.84

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.

	2011 \$'000	2010 \$'000
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#### 4. SIGNIFICANT ITEMS

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

##### *Marketing expenses*

Customer incentives	(1,867)	-
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##### *Administrative expenses*

Foreign exchange loss	(1,631)	(5,994)
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#### 5. 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	2,001	4,786
Short-term deposits	23,245	30,081
	<u>25,246</u>	<u>34,867</u>

## APPENDIX 4E

### PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

#### 6. INVESTMENT IN AN ASSOCIATE

	2011 \$'000	2010 \$'000
(a) Investment details		
Investment in associate – unlisted	-	9,766

Name	Principal Activity	Country of Incorporation	Balance Date	Ownership Interest (%)	
				2011	2010
Dinh Vu Steel Stock Company	Manufacturing of steel billets	Vietnam	31 December	-	48.52

The Group had significant influence over the associate as SSESTEEL was represented on the associate's Board of Management and SSESTEEL provided some financial and operational 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 \$0.990 million in the year ended 31 December 2011 (2010: loss of \$1.365 million).

#### (c) Disposal of investment in an associate

On 26 December 2011, SSESTEEL sold all of its shares in its investment in associate for \$7.025 million. For the year ended 31 December 2011, the net loss on the disposal of its investment in associate was \$0.767 million which was included in the consolidated income statement.

#### (d) Movement in investment in an associate

	2011 \$'000	2010 \$'000
At 1 January	9,766	3,178
Acquisition of an associate	-	9,821
Share of net loss after tax	(990)	(1,365)
Disposal of an associate	(7,025)	-
Exchange difference	(1,751)	(1,868)
Closing balance	-	9,766

#### 7. SUBSEQUENT EVENT AFTER BALANCE DATE

At this date of the Appendix 4E, 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.