



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

VIETNAM INDUSTRIAL INVESTMENTS LIMITED

26 February 2013

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 2012.

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 2012

(Corresponding year: 31 December 2011)

Results for announcement to the market

	2012	2011	Movement	
	\$'000	\$'000	Amount \$'000	%
Revenues from ordinary activities	388,073	438,283	(50,210)	(11%)
(Loss)/Profit from ordinary activities after tax attributable to members	(2,715)	8,659	(11,374)	(131%)
Net (Loss)/Profit for the period attributable to members	(2,715)	8,659	(11,374)	(131%)

Dividend Distribution

On 27 June 2012, the Board declared a one-off special dividend of 6.3 Australian cents per ordinary share (fully unfranked) paid on 18 September 2012. The entire dividend contained 100% conduit foreign income.

The Directors have determined that there will be no final dividends declared/paid for the full financial year ended 31 December 2012 (2011: Nil).

	2012 \$'000	2011 \$'000
Declared and paid during the year		
Interim unfranked dividend for 2012: 6.3 cents per share (2011: NIL)	8,963	-

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
- Discontinued operation

NTA Backing	Current Period	Previous Corresponding Period
Net tangible asset per ordinary security	26.84 cents per share	34.17 cents per share

COMPLIANCE STATEMENT

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 2012 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 2012

The directors submit the Appendix 4E of Vietnam Industrial Investments Limited (“Company”, “consolidated entity” or “Group”) for the year ended 31 December 2012.

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”), and Total Building Systems Limited (“TBS”); and VRC Weldmesh (Vietnam) Ltd (“VRC”).

Net Loss for the year

The total unaudited comprehensive loss for the year was \$3.185 million which was significantly lower than previous year’s total comprehensive income of \$6.469 million. The total unaudited comprehensive loss for the year consisted of: 1) unaudited net loss for the year of \$2.535 million (2011: net profit of \$9.600 million), and 2) Foreign currency translation of a loss of \$0.650 million (2011: loss of \$3.131 million).

For the year ended 31 December 2012, the unaudited Group net loss after tax attributable to members was \$2.715 million on revenues of \$385.253 million (2011: net profit after tax attributable to members \$8.659 million on revenues of \$432.894 million).

The Steel Making Division is the only division that generated a profit, contributing a net profit after tax attributable to members of \$0.150 million (VND3.610 billion) on revenues of \$376.570 million (VND8.170 trillion) (2011: \$9.941 million (VND208.531 billion) on revenues of \$422.909 million (VND9.108 trillion). The decrease in net profit is due to lower sales volumes, lower gross profit margin and derecognition of deferred tax assets.

The results for 31 December 2011 included a share in the net loss of an associate of \$0.990 million and a net loss on the disposal of the investment in associate of \$0.767 million. The investment in the associate was sold on 26 December 2011.

The Group’s Steel Products Division reported a net loss after tax attributable to members of \$0.272 million (2011: net profit after tax attributable to members of \$0.136 million). The net loss is mainly due to the impairment of assets.

Despite management’s efforts to cut costs and increase sales volumes, we have not been successful in turning the VRC business around and it has continued to incur losses. Therefore, the Board of Directors have decided to discontinue its operations dispose of VRC. VRC has been classified as a disposal group held for sale and as a discontinued operation. The net loss after tax attributable to members of VRC for the year ended 31 December 2012 was \$0.193 million (2011: net loss after tax attributable to members of \$0.569 million).

Foreign currency translation

For the year ended 31 December 2012, the foreign currency translation was a loss of \$0.650 million (2011: loss of \$3.131 million). In 2012, the Vietnam Dong depreciated very slightly against the Australian dollars. The average VND/AUD exchange rate in 2012 was VND21,695, a decrease of less than 1% from the average VND/AUD exchange rate of VND21,537 in 2011. The VND/AUD spot rate at 31 December 2012 was VND21,640, a decrease of approximately 1% from 31 December 2011 VND/AUD spot rate of VND21,363. The Australian dollar also appreciated against the US dollar in 2012. The Australian dollar spot rate at 31 December 2012 of US\$1.0384/A\$1 was stronger than 31 December 2011 spot rate of US\$1.0156/A\$1.

DIVIDENDS

On 27 June 2012, the Board declared a one-off special dividend of 6.3 Australian cents per ordinary share (fully unfranked) which was paid and dispatched on 18 September 2012 (2011: Nil). The entire dividend was 100% conduit foreign income.

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

CASH FLOWS

At 31 December 2012, cash and cash equivalents is \$37.112 million. There was net increase in cash and cash equivalents during the year of \$11.866 million due to the following:

	\$'000
Increase in net cash flows from operating activities (a)	23,897
Decrease in net cash flows from investing activities (b)	(932)
Decrease in net cash flows from financing activities (c)	(10,736)
Cash at bank attributable to discontinued operation	(32)
Net foreign exchange differences	(331)
	<hr/>
Net Increase	<u>11,866</u>

Notes:

- (a) Net cash outflows from operating activities were due to the payment to suppliers and employees of \$367.276 million due largely to raw material costs and other operating costs and receipts from customers of \$396.051 million.
- (b) Net cash outflows from investing activities were due to acquisition of plant, property and equipment.
- (c) Net cash outflows from financing activities were due mainly to dividend payment to shareholders.

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, 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.

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Notes	2012 \$'000	2011 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	37,112	25,246
Trade and other receivables		19,999	14,224
Advances to suppliers		13,834	27,484
Inventories		42,634	55,667
Financial assets – at fair value through profit or loss		9	28
Other current assets		249	434
		<u>113,837</u>	<u>123,083</u>
Assets classified as held for sale	6	1,398	-
Total Current Assets		<u>115,235</u>	<u>123,083</u>
Non-current Assets			
Receivables		4	29
Property, plant and equipment		11,271	13,489
Deferred tax assets		45	1,637
Intangible assets and goodwill		79	301
Total Non-current Assets		<u>11,399</u>	<u>15,456</u>
TOTAL ASSETS		<u>126,634</u>	<u>138,539</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		22,791	15,244
Advances from customers		295	3,826
Income tax provision		516	1,889
Interest-bearing loans and borrowings		60,152	61,676
Provisions		622	654
		<u>84,376</u>	<u>83,289</u>
Liabilities directly associated with assets classified as held for sale	6	202	-
Total Current Liabilities		<u>84,578</u>	<u>83,289</u>
Non-current Liabilities			
Interest-bearing loans and borrowings		-	235
Total Non-current Liabilities		<u>-</u>	<u>235</u>
TOTAL LIABILITIES		<u>84,578</u>	<u>83,524</u>
NET ASSETS		<u>42,056</u>	<u>55,015</u>
EQUITY			
Equity attributable to equity holders of parent			
Contributed equity		27,819	27,819
Reserves		(15,512)	(14,691)
Foreign currency translation reserves of a disposal group classified held for sale		248	-
Retained earnings	2	25,753	37,431
Parent interests		<u>38,308</u>	<u>50,559</u>
Non-controlling interests		<u>3,748</u>	<u>4,456</u>
TOTAL EQUITY		<u>42,056</u>	<u>55,015</u>

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 \$'000	2011 \$'000
Continuing operations			
Sale of goods		379,417	426,373
Contract revenue		4,265	4,668
Other revenue		1,571	1,853
Revenue			
Cost of sales		(374,345)	(407,037)
Gross profit			
Other income		2,820	5,389
Marketing expenses		(1,224)	(4,187)
Administrative expenses		(7,910)	(7,137)
Impairment of assets		(265)	-
Finance costs		(4,881)	(8,344)
Share of net loss of an associate	7	-	(990)
Loss on disposal of investment of an associate	7	-	(767)
(Loss)/profit before income tax			
Income tax (expense)/benefit		(1,790)	348
Net (loss)/profit after tax from continuing operations			
Discontinued operations			
Net loss after tax from discontinued operations	6	(193)	(569)
Net (loss)/profit for the year			
Other comprehensive loss			
Foreign currency translation		(650)	(3,131)
Other comprehensive loss for the year			
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR			
(Loss)/profit attributable to:			
Owners of parent		(2,715)	8,659
Non-controlling interests		180	941
Total comprehensive (loss)/income attributable to:			
Owners of parent		(3,288)	5,794
Non-controlling interests		103	675
Cents			
(Loss)/earnings per share (cents per share) for continuing operations attributable to the ordinary equity holders of the company:			
- Basic and diluted (loss)/earnings per share		(1.77)	6.49
(Loss)/earnings per share (cents per share) attributable to the ordinary equity holders of the Company:			
- Basic and diluted (loss)/earnings per share	3	(1.91)	6.09

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

	Attributable to equity holders of the parent						Non-controlling interests	Total equity
	Contributed equity	Foreign currency translation reserves	Retained earnings	Discontinued Operation	Legal reserves	Owners of the parent		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2012	27,819	(15,815)	37,431	-	1,124	50,559	4,456	55,015
Net (loss)/profit for the year	-	-	(2,715)	-	-	(2,715)	180	(2,535)
Other comprehensive loss	-	(573)	-	-	-	(573)	(77)	(650)
Total comprehensive (loss)/ income for the year	-	(573)	(2,715)	-	-	(3,288)	103	(3,185)
Dividends to shareholders	-	-	(8,963)	-	-	(8,963)	-	(8,963)
Dividends paid by subsidiaries	-	-	-	-	-	-	(811)	(811)
Discontinued operation	-	(248)	-	248	-	-	-	-
At 31 December 2012	27,819	(16,636)	25,753	248	1,124	38,308	3,748	42,056
At 1 January 2011	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)
Total comprehensive income for the year	-	(2,865)	8,659	-	-	5,794	675	6,469
Dividends paid by subsidiaries	-	-	-	-	-	-	-	-
At 31 December 2011	27,819	(15,815)	37,431	-	1,124	50,559	4,456	55,015

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 \$'000	2011 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of VAT)		396,051	434,105
Payments to suppliers and employees (inclusive of VAT)		(367,276)	(428,127)
Interest received		1,571	1,878
Interest paid		(4,881)	(8,554)
Income taxes paid		(1,568)	(1,505)
Net cash flows provided by/(used in) operating activities		23,897	(2,203)
Cash flows from investing activities			
Purchase of property, plant and equipment		(930)	(1,297)
Proceeds from sale of an associate	7	-	7,025
Proceeds from sale of property, plant and equipment		-	16
Purchase of software		(2)	(2)
Net cash flows (used in)/ provided by investing activities		(932)	5,742
Cash flows from financing activities			
Proceeds from bank borrowings		229,230	202,654
Repayment of bank borrowings		(230,194)	(213,027)
Dividends paid to shareholders		(8,961)	-
Dividends paid to minority interest		(811)	(807)
Net cash flows used in financing activities		(10,736)	(11,180)
Net increase/(decrease) in cash and cash equivalents		12,229	(7,641)
Net foreign exchange differences		(331)	(1,980)
Cash and cash equivalents at beginning of year		25,246	34,867
Cash and cash equivalents at end of year	5	37,144	25,246

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

1. SEGMENT INFORMATION

Segment Performance

	Steel Making	Steel Products	Discontinued Operation	Others	Total	Adjustments and eliminations	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 31 December 2012							
Revenues							
External revenues	376,570	7,111	263	-	383,944	(263)	383,681
Inter-segment revenues	-	26	-	-	26	(26)	-
Interest income	1,499	49	1	-	1,549	(1)	1,548
Other revenues	2,800	88	5	(44)	2,849	(5)	2,844
Total segment revenues	380,869	7,274	269	(44)	388,368	(295)	388,073
Results							
Segment results before income tax	2,148	(300)	(193)	-	1,655	-	1,655
Income tax benefit/(expense)	(1,809)	19	-	-	(1,790)	-	(1,790)
Segment results after tax	339	(281)	(193)	-	(135)	-	(135)
Corporate charges	-	-	-	(2,400)	(2,400)	-	(2,400)
Net loss after tax					(2,535)	-	(2,535)

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

1. SEGMENT INFORMATION (continued)

	Steel Making	Steel Products	Discontinued Operation	Others	Total	Adjustments and eliminations	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 31 December 2011							
Revenues							
External revenues	422,909	8,132	1,571	-	432,612	(1,571)	431,041
Inter-segment revenues	-	29	31	-	60	(60)	-
Interest income	1,832	21	25	-	1,878	(25)	1,853
Other revenues	3,693	165	21	45	3,924	(21)	3,903
Total segment revenues	428,434	8,347	1,648	45	438,474	(1,677)	436,797
Results							
Segment results before income tax	12,251	177	(569)	-	11,859	-	11,859
Income tax benefit/(expense)	363	(15)	-	-	348	-	348
Segment results after tax	12,614	162	(569)	-	12,207	-	12,207
Share of net loss of an associate	(990)	-	-	-	(990)	-	(990)
Net loss on disposal of investment in an associate	(767)	-	-	-	(767)	-	(767)
Corporate charges	-	-	-	(850)	(850)	-	(850)
Net profit after tax					9,600	-	9,600

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

1. SEGMENT INFORMATION (continued)

	Steel Making \$'000	Steel Products \$'000	Discontinued operation	Others \$'000	Total \$'000
Segment assets					
At 31 December 2012					
Segment operating assets	123,900	2,955	1,398	263	128,816
Inter-segment eliminations	-	-	-	-	(1,959)
Intangibles	-	-	-	77	77
Total assets per statement of financial position					<u>126,634</u>
At 31 December 2011					
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>
Segment liabilities					
At 31 December 2012					
Segment operating liabilities	82,509	1,173	202	1,642	85,526
Inter-segment eliminations	-	-	-	-	(948)
Total liabilities per statement of financial position					<u>84,578</u>
At 31 December 2011					
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>

2. RETAINED EARNINGS

	2012 \$'000	2011 \$'000
Retained earnings	<u>25,753</u>	<u>37,431</u>
Movement in retained earnings		
Opening balance	37,431	28,772
Net (loss)/profit for the year	(2,715)	8,659
Dividends to shareholders	(8,963)	-
Closing balance	<u>25,753</u>	<u>37,431</u>

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

3. EARNINGS PER SHARE

	2012 \$'000	2011 \$'000
Net (loss)/profit attributable to ordinary equity holders of the Parent from continuing operations	(2,522)	9,228
Loss attributable to ordinary equity holders of the Parent from discontinued operation	(193)	(569)
Net (loss)/profit attributable to ordinary equity holders of the Parent for basic and diluted (loss)/earnings	<u>(2,715)</u>	<u>8,659</u>
	2012 No. of Shares	2011 No. of Shares
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>142,277,423</u>	<u>142,277,423</u>

	Cents	Cents
(Loss)/earnings per share (cents per share) for continuing operations attributable to the ordinary equity holders of the company:		
- Basic and diluted (loss)/earnings per share	(1.77)	6.49
(Loss)/earnings per share for profit attributable to the ordinary equity holders of the Company:		
- Basic and diluted (loss)/earnings per share	(1.91)	6.09

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. DIVIDENDS PAID AND PROPOSED

On 27 June 2012, the Board declared a one-off special dividend of 6.3 Australian cents per ordinary share (fully unfranked) paid on 18 September 2012. The entire dividend contained 100% conduit foreign income.

There were no dividends declared at the end of the year (2011: Nil).

	2012 \$'000	2011 \$'000
Declared and paid during the year		
Interim unfranked dividend for 2012: 6.3 cents per share (2011: NIL)	<u>8,963</u>	<u>-</u>

5. CASH AND CASH EQUIVALENTS

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

	2012 \$'000	2011 \$'000
Cash at bank and in hand	6,558	2,001
Short-term deposits	30,554	23,245
	<u>37,112</u>	<u>25,246</u>
Cash at bank attributable to discontinued operation	32	-
	<u>37,144</u>	<u>25,246</u>

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

6. DISCONTINUED OPERATION

Despite management's efforts to cut costs and increase sales volumes, we have not been successful in turning the VRC business around and it has continued to incur losses. Therefore, the Board of Directors have decided to discontinue its operations dispose of VRC. VRC has been classified as a disposal group held for sale and as a discontinued operation. The result of VRC for the year ended 31 December 2012 is as follows:

	2012	2011
	\$'000	\$'000
Revenue	269	1,617
Expense	(388)	(1,976)
Finance cost	(74)	(210)
Loss for the year from discontinued operation	<u>(193)</u>	<u>(569)</u>

The assets and liabilities of VRC classified as held for sale at 31 December 2012 are as follows:

	2012	2011
	\$'000	\$'000
ASSETS		
Property, plant and equipment	1,028	-
Intangible assets	216	-
Cash (Note 5)	32	-
Receivables	82	-
Others	40	-
Assets classified as held for sale	<u>1,398</u>	<u>-</u>
LIABILITIES		
Other payables	202	-
Liabilities directly associated with assets classified as held for sale	<u>202</u>	<u>-</u>
Foreign currency translation reserves of a disposal group classified held for sale	<u>248</u>	<u>-</u>

The net cash flows incurred by VRC are as follows:

	2012	2011
	\$'000	\$'000
Operating	(192)	42
Investing	(11)	16
Financing	(505)	(1,027)
Net cash outflow	<u>(708)</u>	<u>(969)</u>
	Cents	Cents
Loss per share:		
Basic and diluted loss for the year from discontinued operation	(0.14)	(0.40)

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

7. INVESTMENT IN AN ASSOCIATE

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

Share in associate's net loss

Associate	Ownership interest 31 December 2012	Ownership interest 31 December 2011	31 December 2012 \$'000	31 December 2011 \$'000
Dinh Vu Steel Joint Stock Company	-	-	-	(990)

Movement in the carrying amount of the Groups' investment in an associate:

1 January 2011				\$'000
Share in net loss of an associate after tax				9,766
Disposal of an associate/impairment loss				(990)
Exchange difference				(7,792)
31 December 2011				(984)
				-

8. 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.

9. RECLASSIFICATION OF CORRESPONDING FIGURES

Certain corresponding figures in the consolidated income statement have been reclassified to reflect the presentation of the current financial statements.

	2011 \$'000 (previously presented)	\$'000 reclassification	2011 \$'000 (reclassified)
Consolidated income statement			
Other income	3,903	1,486	5,389
Administrative expenses	(5,651)	(1,486)	(7,137)